
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549



SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive proxy statement
- Definitive additional materials
- Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

POWER SOLUTIONS INTERNATIONAL, INC.

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:



Power Solutions International, Inc.

**201 Mittel Drive
Wood Dale, Illinois 60191**

November 5, 2020

Dear Fellow Stockholders:

On behalf of the Board of Directors and management, we cordially invite you to attend the 2020 Annual Meeting of Stockholders of Power Solutions International, Inc. on Tuesday, December 15, 2020, at 8:00 a.m. (Central Daylight Time) (the "Annual Meeting"). Due to the emerging public health impact of the coronavirus ("COVID-19") pandemic, and out of concern for the health and safety of our stockholders, employees and directors, this year's Annual Meeting will be a virtual meeting of the stockholders, with no physical, in-person meeting. You will be able to attend the Annual Meeting online, vote your shares electronically, and submit your questions during the Annual Meeting by visiting www.virtualshareholdermeeting.com/PSIX2020 and entering your control number. **You will not be able to attend the Annual Meeting in person.**

The proxy statement relates to 2019 performance and compensation, neither of which were affected by the COVID-19 pandemic. The COVID-19 pandemic could significantly impact 2020 financial results and compensation outcomes. To date during 2020, the Board of Directors and management have implemented certain actions to mitigate the significant negative impacts that the COVID-19 pandemic has had on its business operations. Details about the business to be conducted at the Annual Meeting and other information can be found in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. As a stockholder of record, you will be asked to vote on four proposals.

Whether or not you plan to virtually attend the Annual Meeting of Stockholders, your vote is important. After reading the attached Notice of Annual Meeting of Stockholders and Proxy Statement, please submit your proxy or voting instructions promptly. We encourage you to vote your shares prior to the Annual Meeting.

On behalf of the management team and the Board of Directors, thank you for your continued support and interest in Power Solutions International, Inc.

Sincerely,

/s/ John P. Miller

John P. Miller

Chief Executive Officer and President



Power Solutions, Inc.

**201 Mittel Drive
Wood Dale, Illinois 60191**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on December 15, 2020**

To the Stockholders of Power Solutions International, Inc.:

The 2020 Annual Meeting of Stockholders (the "Annual Meeting") of Power Solutions International, Inc., a Delaware corporation (the "Company") will be held on Tuesday, December 15, 2020, at 8:00 a.m. (Central Daylight Time). Due to the emerging public health impact of the coronavirus outbreak ("COVID-19"), and out of concern for the health and safety of the Company's stockholders, employees and directors, this year's Annual Meeting will be a virtual meeting of the stockholders, with no physical, in-person meeting. You will be able to attend the Annual Meeting online, vote your shares electronically, and submit your questions during the Annual Meeting by visiting www.virtualshareholdermeeting.com/PSIX2020 and entering your control number.

The Annual Meeting will be held for the following purposes:

1. To elect the seven directors as set forth herein to serve until the 2021 Annual Meeting of stockholders or until their respective successors are elected and qualified;
2. To ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020;
3. To approve, in a non-binding advisory vote, the compensation of the Company's named executive officers as set forth herein;
4. To recommend, in a non-binding advisory vote, whether a stockholder vote to approve the compensation of the Company's named executive officers should occur every one, two or three years; and
5. To transact any other business that properly comes before the Annual Meeting and any adjournment or postponement thereof.

These items of business, including the nominees for director, are more fully described in the proxy statement accompanying this notice.

The Board of Directors has fixed the close of business on October 16, 2020 as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. Stockholders who hold shares in street name may vote through their brokers, banks or other nominees.

The Company is pleased to take advantage of the Securities and Exchange Commission (the "SEC") rules that allow issuers to furnish proxy materials to stockholders via the Internet. On or about November 5, 2020, the Company will mail to its stockholders a notice containing instructions on how to access the proxy materials and vote on the matters described above. In addition, the notice will include instructions on how you can request a paper copy of the proxy materials.

Regardless of the number of shares you own and whether you plan to virtually attend the Annual Meeting, please vote. All stockholders of record can vote (i) over the Internet by accessing the Internet website specified

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on the enclosed proxy card or voting instruction form and following the instructions provided to you, (ii) by calling the toll-free telephone number specified on the enclosed proxy card or voting instruction form and following the instructions when prompted, (iii) by written proxy by signing and dating the enclosed proxy card and returning it, or (iv) by attending the Annual Meeting over the Internet, as described in the materials accompanying this notice. If you submit your proxy and then decide to virtually attend the Annual Meeting to vote your shares electronically, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

The Company encourages you to receive all proxy materials in the future electronically to help it save printing costs and postage fees, as well as natural resources in producing and distributing these materials. If you wish to receive these materials electronically in the future, please follow the instructions on the proxy card or voting instruction form.

By Order of the Board of Directors,

/s/ John P. Miller

John P. Miller

Chief Executive Officer and President

November 5, 2020

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER 15, 2020

This Notice of Annual Meeting and Proxy Statement and the Company's 2019 Annual Report are available at www.proxyvote.com. You will need your assigned control number to vote your shares. Your control number can be found on your proxy card.

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Power Solutions International, Inc.

**201 Mittel Drive
Wood Dale, Illinois 60191**

**PROXY STATEMENT
FOR THE 2020 ANNUAL MEETING OF STOCKHOLDERS**

To Be Held on December 15, 2020

This proxy statement and enclosed proxy card are being furnished to stockholders of record as of the close of business on October 16, 2020 in connection with the solicitation by the Board of Directors (the "Board") of Power Solutions International, Inc., a Delaware corporation ("PSI" or the "Company"), of proxies for use in voting at the 2020 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, December 15, 2020, at 8:00 a.m. (Central Daylight Time). Due to the emerging public health impact of the coronavirus outbreak ("COVID-19"), and out of concern for the health and safety of our stockholders, directors and employees, this year's Annual Meeting will be a virtual meeting of the stockholders. Stockholders may attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/PSIX2020, or at any and all adjournments or postponements thereof, for the purposes stated in the Notice of Annual Meeting of Stockholders. You are receiving the proxy materials because the Board is seeking your permission (or proxy) to vote your shares at the Annual Meeting on your behalf. This proxy statement presents information that is intended to help you in reaching a decision on voting your shares of common stock.

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

The Company has sent you these proxy materials because its Board is soliciting your proxy to vote at the Annual Meeting, including at any adjournments or postponements of the meeting. You are invited to virtually attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions on your proxy card or voting instruction form to vote over the telephone or through the Internet.

How do I attend the Annual Meeting?

The Annual Meeting will be held virtually, on Tuesday, December 15, 2020, at 8:00 a.m. (Central Daylight Time). To participate in the Annual Meeting visit www.virtualshareholdermeeting.com/PSIX2020 using your desktop or mobile device and enter the control number included on your proxy card. Information on how to vote virtually at the Annual Meeting is discussed below.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on October 16, 2020, the record date for the Annual Meeting, will be entitled to vote at the Annual Meeting. As of October 16, 2020, there were 22,886,345 shares of common stock outstanding and entitled to vote. For ten days prior to the Annual Meeting, during normal business hours, a complete list of all stockholders on the record date will be available for examination by any stockholder at the Company's offices at 201 Mittel Drive, Wood Dale, Illinois 60191. The list of stockholders will also be available electronically at the Annual Meeting.

Stockholder of Record: Shares Registered in Your Name

If at the close of business on October 16, 2020 your shares were registered directly in your name with PSI's transfer agent, EQ Shareowner Services, then you are a stockholder of record. As a stockholder of record, you may vote virtually at the Annual Meeting or vote by proxy. Whether or not you plan to virtually attend the Annual Meeting, the Company urges you to fill out and return the enclosed proxy card or vote by proxy over the telephone or through the Internet as instructed below to ensure your vote is counted. You are encouraged to vote your shares prior to the Annual Meeting.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If at the close of business on October 16, 2020 your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, rather than in your own name, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. If you want to vote at the Annual Meeting, follow the instructions on the voting instruction form provided by your bank, brokerage firm, or dealer. If you do not submit voting instructions to your broker, your broker may still be permitted to vote your shares in certain cases. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

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What am I voting on?

There are four matters scheduled for a vote at the Annual Meeting:

1. To elect seven directors as set forth herein to serve until the 2021 Annual Meeting of Stockholders or until their respective successors are elected and qualified;
2. To ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020;
3. To approve, in a non-binding advisory vote, the compensation of the Company's named executive officers as set forth herein;
4. To recommend, in a non-binding advisory vote, whether a stockholder vote to approve the compensation of the Company's named executive officers should occur every one, two or three years; and
5. To transact any other business that properly comes before the Annual Meeting and any adjournment or postponement thereof.

What are the recommendations of our Board?

Unless you give other instructions on your proxy card, or by telephone or on the Internet, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. The recommendation of the Board is set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

- FOR the election of the nominated slate of directors as set forth herein (see Proposal 1);
- FOR the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020 (see Proposal 2);
- FOR the approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers as set forth herein (see Proposal 3); and
- For a frequency of every "1 YEAR" for future advisory votes to approve the compensation of the Company's named executive officers (see Proposal 4).

What if another matter is properly brought before the meeting?

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If you have submitted a proxy and any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

How do I vote?

For Proposal 1, you may vote "For" or "Against," or abstain from voting for all the nominees to the Board. For Proposal 2 and Proposal 3, you may vote "For" or "Against" or abstain from voting. For Proposal 4, you may vote "1 Year," "2 Year," "3 Year" or abstain from voting for the frequency of future advisory votes to approve the compensation of the Company's named executive officers.

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote through the virtual meeting platform at the Annual Meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone or vote by proxy through the Internet. To vote at the Annual Meeting, stockholders of record will need the 16-digit control number included on your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form to log in to the

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virtual meeting platform at www.virtualshareholdermeeting.com/PSIX2020. Voting electronically online during the Annual Meeting will replace any previous votes. Whether or not you plan to attend the meeting virtually, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote virtually even if you have already voted by proxy.

The procedures for voting are as follows:

- To vote virtually, log-in to the Annual Meeting and cast your vote through the virtual meeting platform.
- To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to the Company before the Annual Meeting, the Company will vote your shares as you direct.
- To vote by proxy over the telephone or the Internet, follow the instructions on the proxy card or voting instruction form you received. If voting by telephone or Internet prior to the Annual Meeting, your vote must be received by 11:59 p.m. Eastern Time on December 14, 2020 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from the Company. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or through the Internet as instructed by your broker or bank. To vote virtually at the Annual Meeting, follow the instructions on the voting instruction form provided by your bank or brokerage firm. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you owned at the close of business on October 16, 2020, the record date.

What happens if I do not vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote by completing your proxy card, by telephone, through the Internet or through the virtual meeting platform at the Annual Meeting, your shares will not be voted, nor will your shares count toward the establishment of a quorum for the meeting.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner and do not instruct your broker, bank or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the proposal is considered to be a “routine” matter.

See below under “What are broker non-votes?” for more information. At the Annual Meeting, only Proposal 2 is considered to be a routine matter. Accordingly, without your instructions, your broker or nominee may not vote your shares on Proposal 1, Proposal 3 and Proposal 4, but may vote your shares on Proposal 2.

Who is paying for this proxy solicitation?

The Company will pay for the entire cost of soliciting proxies. In addition to these proxy materials, the Company's directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. The Company may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one set of proxy materials?

If you receive more than one set of proxy materials, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the proxy card in the proxy materials to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or through the Internet.
- You may send a timely written notice that you are revoking your proxy to the Company's Interim Chief Financial Officer at 201 Mittel Drive, Wood Dale, Illinois 60191.
- You may attend the Annual Meeting and vote virtually. Simply attending the meeting will not, by itself, revoke your proxy. Your most recent proxy card or telephone or Internet proxy is the one that is counted.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank for changing your vote.

When are stockholder proposals and director nominations due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by September 16, 2021 to the Company's Interim Chief Financial Officer at 201 Mittel Drive, Wood Dale, Illinois 60191. All proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which lists the requirements for the inclusion of shareholder proposals in company-sponsored proxy materials.

If you wish to submit a proposal to be acted on at next year's annual meeting but not included in next year's proxy materials, or if you wish to nominate a director, you must provide written notice as required by the Company's Amended and Restated Bylaws (the "Bylaws") no later than the close of business on September 16, 2021 to the Company's Interim Chief Financial Officer at 201 Mittel Drive, Wood Dale, Illinois 60191. If next year's annual meeting is called for a date that is before November 15, 2021 or after January 14, 2022, written notice of such proposal or nomination must be provided to the Company's Interim Chief Financial Officer at 201 Mittel Drive, Wood Dale, Illinois 60191, no later than the close of business on the 10th day following the day on which public announcement of the date of next year's annual meeting is first made by the Company.

You are also advised to review the Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count, for Proposal 1, Proposal 2, and Proposal 3, votes “For,” “Against,” abstentions, and, if applicable, broker non-votes, and for Proposal 4, votes for “1 Year,” “2 Year,” “3 Year,” abstentions, and broker non-votes. Broker non-votes, if applicable, will have no effect on the outcome of the proposals. Abstentions will not be counted towards the vote total for Proposal 1, and thus, will have no effect on the outcome of such proposal. For Proposal 2, Proposal 3 and Proposal 4, abstentions will have the same effect as a vote “Against” such proposals.

What are “broker non-votes”?

Your broker, bank, or nominee cannot vote your shares with respect to non-discretionary matters unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank, or nominee. Proposal 1, Proposal 3 and Proposal 4 will be considered non-discretionary and therefore your broker, bank, or nominee cannot vote your shares without your instruction. If you do not provide instructions with your proxy, your bank, broker, or other nominee may deliver a proxy card expressly indicating that it is NOT voting your shares; this indication that a bank, broker, or nominee is not voting your shares is referred to as a “broker non-vote.” Because banks, brokers and nominees are permitted to vote uninstructed shares on Proposal 2, broker non-votes will be counted for the purpose of determining the existence of a quorum at the Annual Meeting, but will not count for purposes of determining the number of votes cast on Proposal 1. You should instruct your broker to vote your shares in accordance with directions you provide.

How many votes are needed to approve each proposal?

- For Proposal 1, the election of directors, the seven nominees for director receiving a majority of the votes cast (from the holders of shares present virtually or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes “For” and “Against” will affect the outcome.
- To be approved, Proposal 2, the ratification of the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2020, must receive “For” votes from a majority of the holders of the shares present or represented by proxy and entitled to vote. Abstentions will have the same effect as a vote “Against” for this proposal.
- To be approved, Proposal 3, the approval, on a non-binding advisory vote on compensation of the Company’s named executive officers, must receive “For” votes from a majority of the holders of the shares present or represented by proxy and entitled to vote. Abstentions will have the same effect as a vote “Against” and broker non-votes will have no effect on the outcome of this proposal. Although the advisory vote to approve the compensation of the Company’s named executive officers is non-binding, the Board will review the result of the vote and will take it into account in making a determination of the named executive officer compensation in the future.
- For Proposal 4, the frequency of the non-binding advisory vote on compensation of the Company’s named executive officers (namely, every one, two or three years) receiving the greatest number of votes will be considered the frequency recommended by the stockholders. Although the advisory vote on the frequency of stockholder votes to approve the compensation of the Company’s named executive officers is non-binding, the Board will review the result of the vote and will take it into account in making a determination on the frequency of such votes in the future.

What is the quorum requirement?

Holders of a majority of voting power of the Company’s issued and outstanding shares entitled to vote at the Annual Meeting, present virtually or represented by proxy, constitute a quorum. In the absence of a quorum, the holders of a majority of the voting power of stock entitled to vote thereat, present, virtually or represented by proxy, will have the power to adjourn the Annual Meeting to another date, time or place (if any).

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Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote virtually at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results may be announced at the Annual Meeting. In addition, final voting results will be published in a Current Report on Form 8-K (a "Form 8-K") that the Company expects to file with the SEC within four business days after the Annual Meeting. If final voting results are not available to the Company in time to file a Form 8-K within four business days after the meeting, the Company intends to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to the Company, file an additional Form 8-K to publish the final results.

What proxy materials are available on the Internet?

The Notice of Annual Meeting and Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2019 (the "Annual Report") are available on www.proxyvote.com.

PROPOSAL 1**ELECTION OF DIRECTORS**

The Board has nominated the seven individuals listed below to stand for election to the Board for a one-year term ending at the annual meeting of stockholders in 2021 or until their successors, if any, are elected or appointed. The Company's Certificate of Incorporation and Bylaws provide for the annual election of directors. Each director must receive the affirmative vote of a majority of the votes cast to be elected (i.e., the number of shares voted "FOR" a director nominee must exceed the number of votes cast "AGAINST" that nominee). Unless contrary instructions are given, the shares represented by your proxy will be voted "FOR" the election of all director nominees. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by the Company. Each person nominated for election has agreed to serve if elected. The Company's management has no reason to believe that any nominee will be unable to serve.

Leslie Coolidge and Kui Jiang are not standing for re-election at the Annual Meeting. Weichai America Corp., a wholly owned subsidiary of Weichai Power Co., Ltd. (herein collectively referred to as "Weichai") is appointing its fourth director designee pursuant to the Investor Rights Agreement entered into by the Company and Weichai (as discussed in the "Related Person Transactions" section in this proxy statement). The Company would like to thank both Ms. Coolidge and Mr. Jiang for their service to the Company and the Board.

The following table and biographical summaries set forth, with respect to each nominee for director, his committee membership, his age, the year in which he first became a director of the Company, and whether or not Weichai designated such director to serve on the Board pursuant to the Investor Rights Agreement, described above:

Name	Position	Committee	Age	Director Since	Weichai Designee
Shaojun Sun, Ph.D.	Chairman of the Board	Compensation; Nominating	55	2017	Yes
Hong He	Director	Audit; Nominating	51	2019	No
Kenneth W. Landini	Director	Compensation (Chair); Nominating	64	2001	No
Xinghao Li ⁽¹⁾	Director		35		Yes
Sidong Shao ⁽¹⁾	Director		39		Yes
Frank P. Simpkins	Director	Audit; Nominating	57	2017	No
Guogang Wu	Director	Compensation	42	2019	Yes

(1) Mr. Li and Mr. Shao are new nominees to the Board.

Below are the biographies for our director nominees, including information concerning their specific experiences, qualifications, attributes and skills that led the Board to conclude that the nominee should serve on the Board:

DIRECTORS

Shaojun Sun, Ph.D. Age: 55 Chairman of the Board
PSI Committees:

- Compensation
- Nominating

Biography: Dr. Sun has served as the Company's Chairman of the Board since April 1, 2017. In addition, he is a member of the Compensation Committee and Nominating and Governance Committee (the "Nominating Committee").

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Dr. Sun is currently a Director of Weichai Group Holdings Limited, a multi-field and multi-industry international group which owns six business segments of powertrain, intelligent logistics, automotive, construction machinery, luxury yacht, and finance & after-services (“Weichai Group”). Dr. Sun has been an Executive Director since December 2002 and Executive President since October 2007 of Weichai Power Co., Ltd., a publicly traded company on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange and leading global designer and manufacturer of diesel engines (“Weichai Power”), as well as Chairman of Shandong Weichai Import and Export Co., Ltd., a wholesale distributor of industrial machinery and equipment, and Chairman of Weichai (Weifang) New Energy Technology Co., Ltd., an equity investment of Weichai Power. On January 1, 2019, Dr. Sun was appointed a Director of Ballard Power Systems Inc., a publicly-traded company on the Nasdaq and Toronto Stock Exchanges that builds fuel cell products. Dr. Sun joined Weifang Diesel Engine Factory in 1988 and held various supervisory positions as a Chief Engineer of Weifang Diesel Engine Factory, and Director of Torch Automobile Group Co., Ltd.

Dr. Sun holds a Senior Engineer degree from Beijing Aviation College and a Doctorate degree in Engineering. Dr. Sun serves on the Board as a Weichai designee.

Dr. Sun brings to the Board extensive managerial experience and leadership gained through his executive roles at leading engine manufacturers.

Hong He Age: 51 PSI Committees:

- Audit
- Nominating

Biography: Mr. He has served as a director of the Company since November 14, 2019. Mr. He is a member of the Audit and Nominating Committees.

Mr. He currently serves as a Consultant with CFO Domain, a consulting and recruiting firm, and since February 2020 has been placed as the interim Senior Director of Finance for CytomX Therapeutics, a biotechnology company. Mr. He served as Director of Finance and Reporting for Blackthorn Therapeutics, a clinical-stage biotechnology company, from June 2019 to December 2019. Prior to that, Mr. He served as the Head of Finance at GenapSys, Inc. from 2018 until May 2019. From 2014 until 2018, Mr. He was the finance director of SciClone Pharmaceuticals, Inc., a Nasdaq-listed specialty pharmaceutical company with main operations in China. From January to June 2014, Mr. He served as Vice President of Finance and the Controller of Augmedix, Inc., a privately held technology-enabled medical documentation company. From October 2011 to December 2013, Mr. He was employed as Vice President of Finance at Baidu Leho.com, a private company backed by Baidu, a Nasdaq-listed company.

Mr. He earned his Bachelors of Science degree in Accounting from Beijing University of Technology in July 1992 and his Masters of Business Administration degree from University of Chicago Booth School of Business in December 2006. Mr. He is a U.S. certified management accountant and a China certified public accountant. Mr. He qualifies as an “Audit Committee Financial Expert” under applicable SEC regulations and has substantial public company reporting experience gained from his roles as a financial officer and controller of public companies during his career.

Mr. He brings to the Board substantial financial and managerial experience gained through leadership roles at public companies.

Kenneth W. Landini Age: 64 PSI Committees:

- Compensation (Chair)
- Nominating

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the Company's executive officers as of November 1, 2020.

<u>Name</u>	<u>Age</u>	<u>Executive Officer Since</u>	<u>Present Position with the Company</u>
John P. Miller	63	2017	Chief Executive Officer and President
Donald P. Klein	46	2018	Interim Chief Financial Officer
Kenneth J. Winemaster	56	2017	Executive Vice President
Jason Lin	67	2019	Chief Technical Officer
Lance Arnett	50	2019	Chief Commercial Officer

The narrative descriptions below set forth the employment and position with the Company, principal occupation and education for each of the five current executive officers.

John P. Miller was appointed as the Company's Chief Executive Officer and President effective May 17, 2017.

Mr. Miller has over 35 years of broad-based executive management experience in the manufacturing, distribution and transportation industries in both public and private equity companies. From 2008 until 2016, he served in operational and financial management positions of increasing responsibility at Navistar International Corporation, a NYSE-listed global manufacturer of commercial and military trucks, school buses, diesel engines and provider of service parts for trucks and diesel engines, and most recently, from 2014, as a Senior Vice President of Operations and Corporate Finance. Mr. Miller's prior positions at Navistar included Vice President and General Manager for specialty business as well as Vice President and Chief Financial Officer for engine and parts. Prior thereto, he served in the role of Chief Financial Officer of Laidlaw Education Service, a provider of public transportation services, Chicago Metallic Corporation, a global manufacturer of suspended ceiling and metal products, Fleetpride, Inc., a distributor of heavy-duty truck parts, and Peapod, an online grocery delivery company.

Mr. Miller received his Bachelor of Arts degree in Economics from DePauw University and his Master's degree in Business Administration from the University of Michigan.

Donald P. Klein has served as the Interim Chief Financial Officer since July 20, 2020 and as the Principal Accounting Officer since May 14, 2018.

Mr. Klein has over 20 years of experience in the areas of finance and accounting, including SEC reporting, accounting policies and procedures and internal controls. Mr. Klein previously served as PSI's Corporate Controller from May 14, 2018 to July 20, 2020, 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 on the Nasdaq, with customers in the electronics, automotive and industrial markets with products that include fuses, semiconductors, polymers, ceramics, relays and sensors. 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 NYSE-listed global manufacturer of commercial and military trucks, school buses, diesel engines and provider of service parts for trucks and diesel engines. 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.

Mr. Klein holds a Bachelor of Business Administration degree majoring in Accounting from the University of Wisconsin—Madison and is a certified public accountant.

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Kenneth J. Winemaster joined the Company in December of 1985 and was a founder of the Company with his father Bill and brother Gary. He was appointed as Executive Vice President on November 28, 2017. Mr. Winemaster served as the Company's Senior Vice President from 2001 to 2017 and also served as the Company's Secretary from 2001 to 2013. In addition, Mr. Winemaster served as a director of the Company from 2001 to 2011. He has served on the Board of Directors of Avon Old Farms School, an independent boarding school in Connecticut, since 2014. He served on the Caterpillar Industrial Strategy Council from 2001 to 2015, a council that developed market strategy for Perkins Distributors and CAT Dealers in North America. Mr. Winemaster has significant management experience setting strategy and supporting operations, supply chain and customer service.

Prior to joining the Company, Mr. Winemaster attended Michigan State University.

Jason Lin was appointed as Chief Technical Officer on June 14, 2019 and is responsible for the oversight and management of various research and development and engineering groups including the Advanced Product Development, Design Engineering, Applied Engineering, Emissions & Certification, and On-highway Engineering groups. Mr. Lin also has oversight over certain aspects of program management and product strategic planning.

Mr. Lin has over three decades of engineering and executive management experience in the engine development and manufacturing industries. From 2009 to July 2016, Mr. Lin served as Chief Executive Officer and President of Société Internationale des Moteurs Baudouin, a France-based marine engine manufacturing subsidiary of Weichai Power Co., Ltd. During this tenure, he also served as an Executive Technical Director and adviser to the Chairman of Weichai Power Co., Ltd., a publicly traded company on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. From February 2001 to July 2006, Mr. Lin was employed by International Truck and Engine Corporation, a truck, bus and diesel engine manufacturer subsidiary of NYSE-listed Navistar International Corporation, in engineering management positions. Earlier in his career, Mr. Lin was employed in engineering positions by Cummins Engine Company, a NYSE-listed company and worked in Japan for Komatsu-Cummins Engine Company as Vice President.

Mr. Lin received his Bachelor of Science degree and Master of Science degree in Mechanical Engineering from National Cheng Kung University in Taiwan, and his Master of Science degree and PhD. in Mechanical Engineering from the University of Wisconsin—Madison. Mr. Lin previously served as a member of the Company's Board from May 2017 to June 2019.

Lance Arnett has served as the Company's Chief Commercial Officer since November 18, 2019.

Mr. Arnett has more than 25 years of sales, business development and operational experience. Prior to joining the Company, from January 2009 to November 2019, he worked at Cummins Inc., a publicly traded company on the NYSE that designs, manufactures, distributes and services a broad portfolio of power solutions ("Cummins").

During his tenure at Cummins, he served in various capacities for Cummins Central Region in Minnesota, most recently serving as Director and Chief of Staff of their North American OEM Performance Cell. In this capacity, he oversaw direct strategy for their North American business including sales, engineering, assembly and upfit, pricing, marketing, and customer support. His previous roles at Cummins Central Region include serving as Interim President, Vice President of OEM Business, Vice President of OEM and Customer Care and Executive Director of Operational Effectiveness. Prior thereto, from 2006 to 2009, he worked as Business Development Manager for PreVisor, Inc. and, from 2001 to 2006, he served as director, Franchise Sales and Development at Mighty Distributing System of America. Earlier in his career, he served in management and sales roles within the staffing industry.

Mr. Arnett received a Bachelor's degree in Economics from The Ohio State University and a Master's in Business Administration from the University of St. Thomas.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence and Controlled Company Exemption

While the Company's common stock is currently traded on the OTCPink market, which requires the Company to establish and maintain fundamental corporate governance standards, the Company has elected to adopt more exacting governance standards that are substantially similar to the Nasdaq-listing governance standards. The Board has determined that the Company is a "controlled company," as defined in Rule 5615(c)(1) of the Nasdaq Marketplace Rules. The Board has based this determination on the fact that Weichai currently owns a majority of the Company's common stock. Under the Nasdaq rules, a company where more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain Nasdaq corporate governance requirements, including:

- a majority of the Board consists of independent directors;
- the Nominating Committee be composed entirely of independent directors; and
- the Compensation Committee be composed entirely of independent directors.

The Company is not currently relying on the controlled company exemption for the above requirements, but may in the future.

Unless the Company avails itself of the "controlled company" status as discussed above, pursuant to the Nasdaq listing standards, a majority of the members of the Board must qualify as "independent," as affirmatively determined by the Board. In addition to the Nasdaq independence requirements, the Company also applies the independence guidelines set forth in its Corporate Governance Guidelines, which are available on the Company's website at www.psiengines.com in the "Investors" section, under "Governance" which are substantially similar to the Nasdaq's director independence requirements and "controlled company" exemptions. Consistent with this requirement, based on the review and recommendation of the Company's Nominating Committee, the Board reviewed all relevant identified transactions or relationships between each of the Company's directors, or any of their family members, and the Company, the Company's senior management and the Company's independent registered public accounting firm, and has affirmatively determined that each of Dr. Sun, Messrs. He, Jiang, Landini, Simpkins, Li and Wu and Ms. Coolidge meets the standards of independence under the applicable Nasdaq listing standards. In making this determination, the Board found Dr. Sun, Messrs. He, Jiang, Landini, Simpkins, Li and Wu and Ms. Coolidge to be free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company. The Board determined Mr. Shao is not independent due to his position as an executive officer of an affiliate of the Company. The Board has also determined that each member of its Audit Committee is independent under Nasdaq Rule 5605(a)(2).

Board Leadership Structure

The Board is led by an independent Chairman, Dr. Sun. The Company believes that such leadership structure is appropriate in light of the differences between the roles of Chairman and Chief Executive Officer. The Chief Executive Officer is responsible for setting the strategic direction of the Company and for day-to-day leadership and performance. The Chairman has the authority, among other things, to call and preside over Board meetings, to set meeting agendas and to determine materials to be distributed to the Board. Accordingly, the Chairman has substantial ability to shape the work of the Board. The Board recognizes that other leadership structures could be appropriate depending on the circumstances and, therefore, regularly re-evaluates this structure.

Role of the Board in Risk Oversight

The Board and its committees have an advisory role in risk oversight for the Company. Company management maintains primary responsibility for the risk management of the Company, however, the Audit Committee and the Board review a risk assessment of the Company on a regular basis. While it is not possible to identify and

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mitigate all potential risks, the Board relies on the representations of management and the external audit of the financial statements to provide comfort on the Company's ability to manage its risks. Management's discussion of current risk factors is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Meetings of the Board of Directors

PSI's business, property and affairs are managed under the direction of the Board. Members of the Board are kept informed of PSI's business through discussions with PSI's Chief Executive Officer and President and other officers and employees, by reviewing materials provided to them during visits to the Company's offices and by participating in meetings of the Board and its committees.

The Board held a total of 6 meetings in 2019. The standing committees of the Board are the Audit Committee, the Compensation Committee and the Nominating Committee. The charter for each of the standing Board committees is posted on the Company's website at www.psiengines.com under "Investors" and then "Governance". All directors attended 75% or more of the combined total number of meetings of the Board and the Board committees on which they served during 2019, except for former director Huisheng Liu.

The following table provides membership and meeting information for 2019 for each of the Board committees:

<u>Name</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating and Corporate Governance</u>
Shaojun Sun, Ph.D., Chairman of the Board		X	X
Leslie A. Coolidge ⁽¹⁾	X*	X	
Kui Jiang		X	X*
Kenneth W. Landini		X*	X
Guogang Wu ⁽²⁾		X	
Frank P. Simpkins ⁽³⁾	X		X
Hong He ⁽⁴⁾	X		X
Total meetings in 2019	11	2	5

* Committee Chair

(1) Leslie A. Coolidge was appointed to the Compensation Committee effective December 10, 2019.

(2) Guogang Wu was appointed to the Board effective August 20, 2019 and appointed to the Compensation Committee effective December 10, 2019.

(3) Frank P. Simpkins was appointed to the Nominating Committee effective October 10, 2019.

(4) Hong He was appointed to the Board effective November 14, 2019 and appointed to the Nominating Committee effective December 10, 2019.

Committees of the Board

Below is a description of each committee of the Board.

Audit Committee

Each member of the Audit Committee is financially literate and the Board has determined that each of Ms. Coolidge, the chair of the Audit Committee, and Messrs. Simpkins and He qualify as an "audit committee financial expert" as defined in applicable SEC rules because he or she, as applicable, meets the requirement for past employment experience in finance or accounting, and requisite professional certification in accounting or

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comparable experience. The Audit Committee is composed entirely of independent directors. The responsibilities of the Audit Committee include:

- reviewing and discussing with management and the independent registered public accounting firm the annual audited and quarterly unaudited financial statements;
- discussing analyses prepared by management or the independent registered public accounting firm concerning significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
- annually reviewing and approving the Audit Committee report required by SEC rules to be included in the Company's annual proxy statement;
- discussing and reviewing with management, on a quarterly basis, major financial risk exposure and risk management policies;
- monitoring the independence of the independent registered public accounting firm;
- meeting with the independent registered public accounting firm (without the presence of management) quarterly to discuss any audit problems or difficulties and management's responses to such efforts to resolve the problems;
- reviewing and approving all related party transactions and resolve conflicts of interest questions;
- appointing, replacing, or terminating the independent registered public accounting firm;
- assuring the regular rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- pre-approving all audit services and permitted non-audit services to be performed by PSI's independent registered public accounting firm, including the fees and terms of the services to be performed;
- reviewing with management and the independent registered public accounting firm the report of the independent auditor on PSI's financial statements and the report of management on PSI's internal control over financial reporting;
- reviewing the independent registered public accounting firm report describing its internal quality-control procedures and any known deficiencies, as well as any issues disclosed in its most recent part 1 of the Public Company Accounting Oversight Board's ("PCAOB") inspection report of the firm;
- reviewing with the independent registered public accounting firm and management the audit plan including the scope of the audit and the general audit approach;
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- establishing procedures for hiring employees and former employees of the independent registered public accounting firm;
- establishing and overseeing the internal audit function;
- reviewing earnings releases;
- conducting an evaluation of the committee's performance and report its results to the Board;
- reviewing and discussing disclosures made by the Company's Chief Executive Officer and Chief Financial Officer during the certification process for the Company's annual reports and quarterly reports regarding the effectiveness of disclosure controls and procedures and significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting; and
- reviewing and discussing with management the Company's compliance with financial covenants in its credit facility, as well as any material debt instruments issued by any of the Company's subsidiaries.

Compensation Committee

The Compensation Committee is responsible for overseeing matters relating to compensation of PSI's Chief Executive Officer and other executive officers and employees, including the administration of incentive-based and equity-based compensation plans. The Compensation Committee is composed entirely of independent directors. The responsibilities of the Company's Compensation Committee include:

- reviewing and approving corporate goals and objectives relevant to the compensation of PSI's Chief Executive Officer and in consultation with the Chief Executive Officer, the Company's other executive officers;
- in connection with reviewing the performance of the Chief Executive Officer and the Company's other executive officers in light of established goals and objectives, the Committee shall report its conclusions and any recommendations to the Board;
- reviewing and making recommendations to the Board regarding all compensation of PSI's Chief Executive Officer and all other executive officers;
- reviewing and making recommendations to the Board regarding all employment, severance and change-in-control agreements for the Chief Executive Officer and all other executive officers;
- approving grants of options and other equity awards to the Company's Chief Executive Officer and all other executive officers, directors and all other eligible individuals;
- reviewing and making recommendations to the Board regarding the Company's equity-based compensation plans and administering and determining all awards granted under such equity-based compensation plans;
- making recommendations to the Board regarding director compensation;
- selecting, retaining, paying and terminating compensation consultants to assist with the execution of its duties;
- conducting an evaluation of the committee's performance and report its results to the Board; and
- if applicable, reviewing and discussing the Compensation Discussion & Analysis section in the Company's annual report or annual meeting proxy statement with the Company's executive officers and recommend whether it should be included in such proxy statement or annual report.

Nominating Committee

The Nominating Committee is responsible for overseeing the selection of persons to be nominated to serve on the Board and to assist the Board in developing and ensuring compliance with the Company's foundational and corporate governance documents. The Nominating Committee is composed entirely of independent directors. The responsibilities of the Company's Nominating Committee include:

- determining qualifications, qualities, skills and other expertise required to be a director and developing criteria to be considered in selecting nominees for independent directors;
- identifying and recommending to the Board individuals qualified to serve as directors of the Company (as a result of vacancies);
- evaluating the re-nomination and continuing service of incumbent directors, as impacted by factors including retirement, changes in principal employment or primary occupation, conflicts of interest and attendance;
- overseeing succession planning of executive management;
- periodically review and make recommendations to the Board regarding the size, function, structure and operation of the Board;

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- recommend to the Board the appointment of the members and chair of each committee;
- oversee the evaluation of the Board and other committees and evaluate performance of the committee annually;
- developing and recommending to the Board for approval standards for determining whether a director has a material relationship with the Company;
- reviewing any director resignation letter tendered in accordance with the Company's director resignation policy and evaluating and recommending to the Board whether such resignation should be accepted;
- reviewing requests from directors or executive management in advance of accepting an invitation to serve on the Board of another public company, serve on the audit committees of more than three public companies or engage in significant commitments involving affiliation with other businesses or governmental units;
- reviewing and reporting to the Board with regard to matters of corporate responsibility and sustainability performance; and
- reviewing and recommending any changes to the Company's corporate governance policies and practices and overseeing compliance with the requirements therein.

Director Nominations

The Board has delegated to the Nominating Committee the responsibility of identifying, screening and recommending candidates to the Board. The Nominating Committee considers, without limitation, a potential candidate's independence, skills, qualifications, qualities and other expertise required to be a director (the "Director Criteria"). Although the Nominating Committee does not have a formal policy regarding diversity in making its recommendations, in considering the Director Criteria, the Nominating Committee seeks to have a Board that reflects diversity in background, education, business experience, gender, race, ethnicity, culture, skills, business relationships and associations and other factors that will contribute to the Board's governance of the Company, and reviews its diversity when assessing the composition of the Board. These qualifications may vary from year to year depending on the needs of the Company at the time.

The Director Criteria should not be construed as minimum qualifications for director selection nor is it expected that potential candidates will possess all of the Director Criteria identified. Rather, they represent the range of complementary talents, backgrounds and experiences that the Nominating Committee believes would contribute to the effective functioning of the Board.

The Company's Corporate Governance Guidelines and Nominating Committee charter provide guidelines with respect to the consideration of director candidates. Under these guidelines, the Nominating Committee is responsible for, subject to approval by the Board, establishing and periodically reviewing the Director Criteria and selection of new directors, including independence standards. The Nominating Committee also may recommend to the Board changes to the portfolio of Director Criteria required for the effective functioning of the Board, considering PSI's strategy and the regulatory, geographic and market environments.

The Nominating Committee will consider candidates proposed by stockholders to be potential director nominees. Stockholders wishing to nominate a candidate for consideration by the Nominating Committee as a director nominee should provide the name of any recommended candidate, together with a brief biographical sketch, a document indicating the candidate's willingness to serve, if elected, and evidence of the nominating stockholder's ownership of Company stock to the attention of the Company's Chief Executive Officer at 201 Mittel Drive, Wood Dale, Illinois 60191, and otherwise follow the Company's nominating process described in the Company's Bylaws. The Nominating Committee's policy is to evaluate director nominees proposed by stockholders in the same manner that all other director nominees are evaluated.

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The Company may, in the future, pay a third-party a fee to assist it in the process of identifying and/or evaluating director candidates.

Stockholder Communications with the Board

Stockholders who wish to communicate with the Board or an individual director may send a written communication to the Board or such director addressed to the Company's Chief Executive Officer at 201 Mittel Drive, Wood Dale, Illinois 60191. Each communication must set forth:

- the name and address of the stockholder on whose behalf the communication is sent; and
- the number of the Company's shares that are owned beneficially by such stockholder as of the date of the communication.

Each communication will be reviewed by the Company's Chief Executive Officer to determine whether it is appropriate for presentation to the Board or such director. Examples of inappropriate communications include advertisements, solicitations or hostile communications. Communications determined by PSI's Chief Executive Officer to be appropriate for presentation to the Board or such director will be submitted to the Chairman of the Board, the Board or such director on a periodic basis.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of PSI's employees, officers and directors, including those officers responsible for financial reporting. The code of ethics is available on the Company's website at www.psiengines.com under "Investors" and then "Governance."

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish PSI with copies of all Section 16(a) forms they file.

To the Company's knowledge, including PSI's review of the copies of such reports furnished to the Company and written representations that no other reports were required during 2019, all Section 16(a) filing requirements were satisfied on a timely basis, except for the following:

(i) Mr. He inadvertently failed to timely file a Form 4 reporting one transaction for the year ended December 31, 2019, (ii) Mr. Miller inadvertently failed to timely file a Form 4 reporting two transactions during the year ended December 31, 2019, (iii) Mr. Arnett inadvertently failed to timely file a Form 4 reporting one transaction for the year ended December 31, 2019, and (iv) Mr. Winemaster inadvertently failed to timely file a Form 4 reporting one transaction during the year ended December 31, 2019.

Director Compensation

PSI directors receive the following compensation for their services as members of the Board:

- A cash retainer of \$50,000 per year.
- An additional cash retainer of \$25,000 per year to the Chairman of the Board and the Chair of the Audit Committee.
- 5,000 shares of restricted stock per year. The 2019 awards made to the Company's directors vested in July 2020.
- Meeting fees of \$1,000 per day for each Board and Committee meeting.

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The Company also reimburses directors for necessary and reasonable travel and other related expenses incurred in connection with the performance of their official duties of attendance at each meeting of the Board or any Committee.

The table below summarizes the compensation paid to each director for their service on the Board for the year ended December 31, 2019:

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Awards(3)</u>	<u>Total</u>
Shaojun Sun	\$ 88,000(1)	\$ —	\$ 88,000
Kui Jiang	63,000(1)	—	63,000
Jason C. Lin(2)	—	—	—
Leslie A. Coolidge	92,000	50,000	142,000
Frank P. Simpkins	67,000	50,000	117,000
Kenneth W. Landini	63,000	50,000	113,000
Huisheng Liu(4)	32,855(1)	—	32,855
Guogang Wu(5)	21,145(1)	—	21,145
Hong He(6)	9,528	33,950	43,478

- (1) Director fees were not remitted to foreign directors in 2019, except for Dr. Sun, who was paid his earned fees in 2019. The non-resident directors are in the process of applying to the Internal Revenue Service to obtain individual U.S. taxpayer identification numbers.
- (2) Mr. Lin resigned from the Board on June 11, 2019 and assumed the position of Chief Technical Officer of the Company. Because Mr. Lin is a named executive officer, the director fees related to Mr. Lin's service as a non-employee director in 2019 through such date are reported in the "All Other Compensation" column of the Summary Compensation Table in the Executive Compensation section.
- (3) For Ms. Coolidge and Messrs. Simpkins, Landini and He, the amount reported represents the grant date fair value of 5,000 shares of restricted stock granted in 2019, computed in accordance FASB ASC Topic 718. See Note 13, *Stock-Based Compensation*, to the consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2019, filed with the SEC on May 4, 2020, for the assumptions made in determining this value. In accordance with Weichai's internal policies, Dr. Sun and Messrs. Jiang, Liu and Wu have relinquished their rights to receive any stock-based compensation for their service as directors and as such, they did not receive awards of restricted stock in 2019. As of December 31, 2019, Messrs. Simpkins, Landini, He and Ms. Coolidge each held 5,000 unvested shares of restricted stock.
- (4) Mr. Liu resigned from the Board on August 20, 2019.
- (5) Mr. Wu was appointed to the Board on August 20, 2019.
- (6) Mr. He was appointed to the Board on November 14, 2019.

EXECUTIVE COMPENSATION

The named executive officers for the year ended December 31, 2019 were:

- John P. Miller, Chief Executive Officer and President,
- Charles F. Avery, Jr., Former Chief Financial Officer,
- Kenneth J. Winemaster, Executive Vice President and
- Jason C. Lin, Chief Technical Officer.

Summary Compensation Table

The table below summarizes the compensation paid for the services rendered to the Company, in all capacities, by its named executive officers for the years ended December 31, 2019 and 2018.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus¹</u>	<u>Stock Awards²</u>	<u>All Other Compensation³</u>	<u>Total</u>
John P. Miller	2019	\$360,000	\$274,949	\$ —	\$ 1,188	\$636,137
<i>Chief Executive Officer and President</i>	2018	360,000	39,400	—	—	399,400
Charles F. Avery, Jr. ⁴	2019	300,000	155,980	—	18,374	474,354
<i>Former Chief Financial Officer</i>	2018	300,000	—	360,000	12,675	672,675
Kenneth J. Winemaster	2019	325,000	227,387	—	14,094	567,481
<i>Executive Vice President</i>	2018	325,000	10,900	—	13,320	349,220
Jason C. Lin ⁵	2019	163,654	91,395	295,500	31,504	582,053
<i>Chief Technical Officer</i>						

- (1) The amounts reported for Messrs. Miller and Winemaster in this column for 2019 represent payment of the final installments of their key employee retention program (“KERP”) bonuses in the amounts of \$57,600 and \$44,109, respectively, and their 2019 Key Performance Indicator (“KPI”) bonuses in the amounts of \$217,349 and \$183,278, respectively. The amounts reported for Messrs. Avery and Lin represent their 2019 KPI bonus amounts.
- (2) The amount reported in this column for 2019 for Mr. Lin reflects the grant date fair value of the restricted stock award granted to him on August 1, 2019, calculated in accordance with Financial Accounting Standards Board (“FASB”) ASC Topic 718. See Note 13, *Stock-Based Compensation*, to the consolidated financial statements included in the Company’s Form 10-K for the year ended December 31, 2019, filed with the SEC on May 4, 2020, for the assumptions made in determining this value.
- (3) The reported amounts for 2019 include life insurance premiums, 401(k) matching contributions, and automobile-related payments. For Mr. Lin, the reported amount for 2019 also includes \$30,361 in director fees earned for his service in 2019 as a non-employee director of the Company prior to June 11, 2019.
- (4) Mr. Avery resigned from his position as Chief Financial Officer effective July 20, 2020.
- (5) Mr. Lin began serving as the Company’s Chief Technical Officer on June 14, 2019. Prior to this appointment, Mr. Lin served as a non-employee director until his resignation from the Board on June 11, 2019.

Employment Agreements with Named Executive Officers

The Company has entered into employment agreements with each of PSI’s named executive officers, except for Mr. Lin who is party only to an offer letter. Each arrangement specifies the annual base salary for the executive, which may be increased at the discretion of the Board. In addition, the arrangements specify that the executives may be eligible to receive an annual incentive bonus under the Company KPI plan and awards under the

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Company's long-term incentive plan. Under the terms of the arrangements, each named executive officer is also eligible to participate in the same benefit programs, as may be in effect from time to time, for other senior management employees of the Company generally. None of the arrangements with the Company's named executive officers contain any change in control payments or benefits.

If the Company terminates Mr. Miller without cause (as defined in his employment agreement), Mr. Miller would be eligible for: (i) certain accrued obligations; (ii) any determined, but unpaid KPI bonus relating to the fiscal year prior to the fiscal year of termination; (iii) 12 months of severance; and (iv) 12 months of health benefit continuation coverage on the same terms as was provided before Mr. Miller's termination. However, if the Company offers Mr. Miller another executive-level position at a salary that is at least equal to his base salary, and if he rejects such offer of employment, the Company will have no obligation to provide Mr. Miller severance payments and/or benefits. If Mr. Miller is terminated for cause, he will only receive accrued obligations required to be paid by applicable law. If Mr. Miller resigns, he is eligible to receive certain accrued obligations and may be eligible to receive any determined, but unpaid KPI bonus relating to the fiscal year prior to the fiscal year of termination.

In July 2017, Mr. Miller was granted a retention bonus opportunity under the Company's KERP, equal to \$115,200 payable in five installments, with the first four installments of \$14,400 paid on each of July 31, 2017, September 30, 2017, December 31, 2017 and March 30, 2018 and the fifth installment of \$57,600 being paid on July 31, 2019. In addition, in November 2017, Mr. Miller received 55,000 shares of restricted stock under the Power Solutions International, Inc. 2012 Incentive Compensation Plan (the "2012 Plan"), with 27,500 shares vesting on March 31, 2018 and the remaining 27,500 shares vesting on March 31, 2019. Mr. Miller needed to remain employed in good standing on each of the foregoing payment or vesting dates in order to receive a payout of cash or shares, as applicable.

If Mr. Avery's employment with the Company had terminated in 2019, he would generally have received the same payments and benefits as described above for Mr. Miller. In addition, if the Company had terminated Mr. Avery without cause (as defined in his employment agreement), if Mr. Avery had resigned, or if his employment had been terminated due to death or disability, he would have been entitled to receive a prorated KPI bonus through his termination date for the fiscal year in which his termination occurred once the KPI bonus had been determined by the Board. As previously disclosed, in connection with Mr. Avery's separation from the Company on July 20, 2020, Mr. Avery and the Company entered into a consulting and release agreement, pursuant to which Mr. Avery became entitled to receive certain benefits in exchange for his provision of transition and consulting services, including cash severance, continued health coverage, his 2019 KPI bonus, a prorated 2020 KPI bonus, a cash payment for transition services and a consulting fee during the consulting period.

Mr. Winemaster's employment agreement describes his participation in the KERP, under which, in July 2017, he was granted a retention bonus opportunity totaling \$87,200 payable in five installments, with the first four installments of \$10,900 paid on each of July 31, 2017, September 30, 2017, December 31, 2017 and March 30, 2018 and the fifth installment of \$43,600 being paid on March 30, 2019. In addition, in November 2017, Mr. Winemaster received 45,223 shares of restricted stock under the 2012 Plan, with 22,611 shares vesting on March 31, 2018 and the remaining 22,612 shares vesting on March 31, 2019. Mr. Winemaster needed to remain employed in good standing on each of the foregoing payment or vesting dates in order to receive a payout of cash or shares, as applicable.

If the Company terminates Mr. Winemaster without cause (as defined in his employment agreement) or for any reason other than for cause, or if Mr. Winemaster's employment is terminated due to his death or disability, he will generally receive the same payments and benefits as Mr. Miller receives upon a termination without cause by the Company. Upon such termination scenarios, Mr. Winemaster also would have received accelerated payment or vesting, as applicable, for his cash and equity awards under the KERP. If Mr. Winemaster is terminated for cause, he will only receive accrued obligations required to be paid by applicable law.

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Messrs. Miller, Avery and Winemaster are bound by certain confidentiality and restrictive covenants under their employment agreements.

Mr. Lin was granted a sign-on award of 30,000 shares of restricted stock under the 2012 Plan, with 15,000 shares vesting on July 25, 2020 and 15,000 shares vesting on July 25, 2021, subject to Mr. Lin's continued employment with the Company on each vesting date. If Mr. Lin's employment terminates for any reason, he will only receive accrued obligations required to be paid by applicable law.

Outstanding Equity Awards at 2019 Year-End

The table below shows outstanding equity awards as of December 31, 2019 held by each named executive officer.

Name	Option Awards					Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
John P. Miller	—	—	—	\$ —	—	—	\$ —
Charles F. Avery, Jr.	—	—	—	—	—	—	—
Kenneth J. Winemaster	—	—	—	—	—	—	—
Jason C. Lin	—	—	—	—	—	30,000	237,000

- (1) The amount reported in this column represents Mr. Lin's outstanding award of restricted stock granted on August 1, 2019 under the 2012 Plan, which has the following vesting schedule: 15,000 shares will vest on July 25, 2020 and 15,000 shares will vest on July 25, 2021.
- (2) The aggregate value in this column equals the total number of shares of restricted stock held by Mr. Lin, multiplied by \$7.90, which was the closing price of a share of the Company's common stock as reported by the OTC Market on December 31, 2019.

Potential Payments Upon Termination or Change in Control

As of December 31, 2019, the Company had employment agreements with each of the named executive officers, which provided for payments upon termination without "cause" (as summarized above under the heading, "Employment Agreements with Named Executive Officers").

Other than these arrangements and accelerated vesting of equity awards under the 2012 Plan, the Company currently does not have any compensatory plans or arrangements that provide for any payments or benefits upon the resignation, retirement or any other termination of any of the named executive officers, as the result of a change in control, or from a change in any named executive officer's responsibilities following a change in control.

Clawback Policy

As part of the Company's derivative litigation settlement, the Company adopted a formal clawback policy covering specified incentive compensation of officers (defined as only those individuals the Company has designated as subject to the reporting and liability provisions of Section 16 of the Exchange Act). This provision will be included in any new or amended employment agreements entered into with any existing or future officers

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of the Company on and after April 11, 2019. The clawback provision will provide that upon a termination for cause, an officer shall automatically forfeit:

1. Any bonus to which the officer might otherwise have been entitled pursuant to the Company's KPI Plan related to the fiscal year prior to the fiscal year in which the termination date falls if the amount of such KPI Bonus has been determined by the Board but not yet paid; and (ii) for the fiscal year in which the separation takes place.
2. For the fiscal year in which the separation takes place, any Stock Appreciation Rights and unexercised options (whether vested or unvested) awarded pursuant to the Company's 2012 Plan.

"Cause" means that the Company makes a good faith determination that the officer has: (1) violated any Company policy or procedure that causes material harm or risk to the Company including, but not limited to, sexual harassment, misappropriation, or fraud; (2) been convicted of a crime which is injurious to the Company's operation or reputation; (3) engaged in a material breach of the officer's employment agreement; (4) engaged in willful failure or willful inability to perform the officer's duties under the officer's employment agreement; (5) engaged in any act or omission, which in any material way impairs the reputation, goodwill or business position of the Company; or (6) the officer is prohibited by order of a government agency or court from being employed by the Company or any Company affiliate in the role set forth in the officer's employment agreement.

For purposes of subsections (3) and (4) of this definition, a termination will not be for "Cause" to the extent such conduct is curable, unless the Company shall have notified the officer in writing describing such conduct and prescribing conduct required to cure such conduct and the officer shall have failed to cure such conduct within thirty (30) business days after his or her receipt of such written notice. For purposes of this definition of Cause, no act or failure to act on the part of the officer shall be considered willful if it is done, or omitted to be done, by the officer in good faith and with a good-faith belief that the officer's act or omission was in the best interests of the Company.

**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information known to the Company regarding beneficial ownership of shares of the Company's common stock as of November 2, 2020, by:

- each person who is known to us to be the beneficial owner of more than 5% of the outstanding shares of the Company's common stock;
- each named executive officer and each director; and
- all of the Company's executive officers and directors as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Beneficial ownership of the Company's common stock is based on 22,891,345 shares of the Company's common stock issued and outstanding as of November 2, 2020.

Except as otherwise indicated in these footnotes, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

<u>Name and Address of Beneficial Owner(1)</u>	<u>Number of Shares of Common Stock</u>	<u>Percent of Outstanding Common Stock</u>
Directors:		
Shaojun Sun, Ph.D.	—	—
Leslie A. Coolidge	15,000	*
Kui Jiang	—	—
Kenneth W. Landini	34,000	*
Guogang Wu	—	—
Frank P. Simpkins	15,000	*
Hong He	5,000	*
Executive Officers:		
John P. Miller	76,006	*
Donald P. Klein(2)	—	—
Jason C. Lin	35,605	*
Kenneth J. Winemaster	2,211,274	9.7%
All executive officers and directors as a group (12 individuals)(2)(3)	2,391,885	10.4%
Parties owning beneficially more than 5% of the outstanding shares:		
Neil Gagnon(4)	1,856,987	8.1%
Gary S. Winemaster(5)	3,538,479	15.5%
Weichai(6)	11,749,759	51.3%

* Less than 1%.

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- (1) Unless otherwise indicated, the business address of each individual is 201 Mittel Drive, Wood Dale, Illinois 60191.
- (2) Does not include stock appreciation rights (“SARs”) for which the closing price of the Company’s common stock, as of November 2, 2020, was below Mr. Klein’s SAR award strike price of \$7.99 and Mr. Arnett’s SAR award strike price of \$4.83.
- (3) This group includes in addition to those individuals named in the table: Mr. Arnett.
- (4) According to the Schedule 13G/A filed with the SEC on February 13, 2020, Neil Gagnon holds sole voting power with respect to 183,017 shares of the Company’s common stock and sole dispositive power with respect to 183,017 shares of the Company’s common stock. In addition, Mr. Gagnon has shared voting power over 1,625,803 shares of the Company’s common stock and shared dispositive power over 1,673,970 shares of the Company’s common stock. The business address of Mr. Gagnon is 1370 Ave. of the Americas, 24th Floor, New York, NY 10019.
- (5) According to the Form 4 filed by Mr. Winemaster with the SEC on October 22, 2020.
- (6) According to the Schedule 13D/A filed with the SEC on April 23, 2019, Weichai America Corp. holds shared voting power with respect to 11,749,759 shares of the Company’s common stock and shared dispositive power with respect to 11,749,759 shares of the Company’s common stock with Weichai Power and Shandong Heavy Industry Group Co., Ltd. The business address of Weichai America Corp. is 3100 Golf Road, Rolling Meadows, IL 60008.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed BDO USA, LLP to continue in its capacity as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020, and the Board has directed that management submit the appointment of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. BDO USA, LLP audited PSI's financial statements for the year ended December 31, 2019.

Neither the Company's Bylaws nor other governing documents or law require stockholder ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm. However, the Board is submitting the appointment of BDO USA, LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to continue to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the appointment of BDO USA, LLP. Abstentions will have the same effect as a vote "Against" for this proposal.

Representatives of BDO USA, LLP are expected to be present virtually at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Recommendation of our Board

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2020.

PROPOSAL 3

ADVISORY VOTE TO APPROVE THE COMPENSATION OF PSI'S NAMED EXECUTIVE OFFICERS AS SET FORTH HEREIN

Pursuant to Section 14A of the Exchange Act, the Company is seeking the advisory, non-binding approval by stockholders of the Company's executive compensation program and practices as disclosed in this proxy statement. The Company most recently received advisory approval of the Company's executive compensation program at the annual meeting of stockholders in 2015. While this vote is advisory, and not binding on the Board, it will provide information to the Board and Compensation Committee regarding investor sentiment about the Company's executive compensation programs and practices, which the Compensation Committee will carefully review when evaluating PSI's executive compensation program.

Stockholders are being asked to vote on the following advisory resolution:

“RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Company's executive officers, as disclosed in the 2020 proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the 2019 Summary Compensation Table and the other related tables and disclosures.”

The Company urges PSI's stockholders to read “Executive Compensation” above, which presents detailed information on the compensation of the Company's named executive officers.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to be voted on the proposal at the Annual Meeting is required for approval of this advisory resolution. Abstentions will have the same effect as a vote “Against” and broker non-votes will have no effect on the outcome of this proposal.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF PSI'S NAMED EXECUTIVE OFFICERS AS SET FORTH HEREIN.

PROPOSAL 4

ADVISORY VOTE TO APPROVE THE FREQUENCY OF THE ADVISORY VOTE OF THE EXECUTIVE COMPENSATION DESCRIBED HEREIN

Pursuant to Section 14A of the Exchange Act, the Company is asking stockholders to vote on whether future advisory votes on executive compensation of the nature reflected in Proposal 3 above should occur every year, every two years or every three years. The Company's stockholders previously supported a two-year frequency for this stockholder advisory vote at the annual meeting of stockholders in 2013.

After careful consideration, the Board has determined that holding an advisory vote on executive compensation every year is the most appropriate policy for the Company at this time, and recommends that stockholders vote for future advisory votes on executive compensation to occur every year. While the Company's executive compensation programs are designed to promote a long-term connection between pay and performance, the Board recognizes that executive compensation decisions and disclosures are made annually. Holding an annual advisory vote on executive compensation provides the Company with more direct and immediate feedback on our compensation programs. We believe that an annual advisory vote on executive compensation is consistent with our practice of seeking input and engaging in dialogue with our stockholders on corporate governance matters and our executive compensation philosophy, policies and practices.

This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board. Stockholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. The frequency alternative that receives the most votes will be the choice of stockholders. Stockholders are not voting to approve or disapprove the Board's recommendation. While this vote is advisory, and not binding on the Board, the Compensation Committee will carefully review the voting results. Notwithstanding the Board's recommendation and the outcome of the stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

Proxies solicited by the Board will be voted for the one-year frequency option for the advisory vote on executive compensation unless stockholders specify a contrary vote.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE "1 YEAR" FREQUENCY OPTION FOR THE ADVISORY VOTE ON EXECUTIVE COMPENSATION DESCRIBED HEREIN.

AUDIT-RELATED MATTERS**Independent Registered Public Accounting Firm Fees**

The following table shows the fees for professional services rendered to us by BDO USA, LLP for services in respect of the years ended December 31, 2019 and 2018.

	2019	2018
Audit Fees(1)	\$ 1,850,000	\$ 2,800,000
Audit-Related Fees(2)	—	—
Tax Fees(3)	—	—
All Other Fees(4)	—	—
Total Fees	\$ 1,850,000	\$ 2,800,000

- (1) *Audit Fees*: Audit fees for the fiscal years 2019 and 2018 include the aggregate fees incurred for the audit of the Company's annual consolidated financial statements and to review interim quarterly consolidated financial information.
- (2) *Audit-Related Fees*: The Company did not engage BDO for any audit-related services during the 2019 and 2018 fiscal years.
- (3) *Tax Fees*: The Company did not engage BDO for any tax services during the 2019 and 2018 fiscal years.
- (4) *All Other Fees*: The Company did not engage BDO for any other services during the 2019 and 2018 fiscal years.

In accordance with its charter, the Audit Committee approved in advance all audit services provided by the Company's independent registered public accounting firm for fiscal year 2019.

Pre-Approval Policy and Procedures

In accordance with its charter, the Audit Committee approves in advance all audit and non-audit services to be provided by the Company's independent registered public accounting firm.

Report of the Audit Committee

The Audit Committee has reviewed and discussed with management and the independent registered public accounting firm the Company's audited financial statements for the year ended December 31, 2019. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Respectfully submitted,

AUDIT COMMITTEE
Leslie A. Coolidge, Chair
Frank P. Simpkins
Hong He

The material in this report of the Audit Committee is not "soliciting material," is furnished to, but not deemed "filed" with, the SEC and is not deemed to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

RELATED PERSON POLICY AND TRANSACTIONS

Related Person Transactions Policy and Procedures

In the ordinary course of the Company's business, the Company may from time to time enter into transactions with its directors, officers and 5% or greater stockholders. The Audit Committee is responsible for approving related person transactions, as defined in applicable rules promulgated by the SEC. The Company's Audit Committee operates under a written charter pursuant to which all related person transactions are reviewed for potential conflicts of interest situations. Such transactions must be approved by the Company's Audit Committee prior to consummation.

Related Person Transactions

Other than as described below, during 2019 and 2018, the Company did not enter into any related person transactions.

Weichai

In March 2017, the Company and Weichai executed a share purchase agreement (the "SPA") with Weichai. Under the terms of the SPA, Weichai invested \$60.0 million in the Company (the "Weichai Transaction") by purchasing a combination of newly issued common and preferred stock as well as a stock purchase warrant, which significantly strengthened the Company's financial condition and contributed to the subsequent extinguishment of a \$60.0 million term loan.

The stock purchase warrant issued to Weichai (the "Weichai Warrant") was exercisable for any number of additional shares of common stock such that Weichai, upon exercise, would hold 51% of the common stock then outstanding, on a fully dilutive basis, on terms and subject to adjustments as provided in the SPA. On April 23, 2019, Weichai exercised the Weichai Warrant and increased its ownership to 51.5% of the Company's outstanding common stock, as of such date. With the exercise of the Weichai Warrant in April 2019, Weichai owns a majority of the outstanding shares of the common stock of the Company. As a result, Weichai is able to exercise control over matters requiring stockholders' approval, including the election of the directors, amendment of the Company's charter and approval of significant corporate transactions.

Weichai also entered into an Investor Rights Agreement (the "Rights Agreement") with the Company upon execution of the SPA. The Rights Agreement provides Weichai with representation on the Company's Board and management representation rights. Weichai currently has three representatives on the Board. Under the Rights Agreement, upon Weichai exercising the Weichai Warrant and becoming the majority owner of the Company's outstanding shares of common stock calculated on a fully diluted as-converted basis (excluding certain excepted issuances), the Company became required to appoint to the Board an additional individual designated by Weichai or such additional numbers of individuals so that Weichai designees constitute the majority of the directors serving on the Board. Weichai has nominated an additional representative to stand for election to the Board at the Annual Meeting.

Industrial Electronic Controls

The Company purchased \$0.4 million of products in 2018 from Industrial Electronic Controls, a supplier of custom throttles, sensors, and custom electronics. Gary S. Winemaster, former Chairman of the Board, Chief Executive Officer and President and non-executive Chief Strategy Officer owned 50% of Industrial Electronic Controls during 2018.

Retirement Agreement

On April 29, 2019, the Company entered into a retirement agreement with Gary Winemaster, the Company's then Chief Strategy Officer, pursuant to which he retired on May 3, 2019 and the Company agreed to pay \$600,000 in installments through February 28, 2020. The agreement provides for a mutual release. Mr. Winemaster agreed to cooperate with the Company as needed and to extend his non-compete period to three years.

OTHER MATTERS

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for annual meeting materials with respect to two or more stockholders sharing the same address by delivering a single set of annual meeting materials addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will be “householding” our proxy materials. A single set of Annual Meeting materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate set of annual meeting materials, please notify your broker or us. Direct your written request to our Interim Chief Financial Officer at 201 Mittel Drive, Wood Dale, Illinois 60191. Stockholders who currently receive multiple copies of the annual meeting materials at their addresses and would like to request “householding” of their communications should contact their brokers.

Electronic Access to Proxy Statement and Annual Report

This Proxy Statement and the Annual Report are available on www.proxyvote.com. Instead of receiving paper copies of the Annual Report and Proxy Statement in the mail, stockholders can elect to receive an e-mail that will provide an electronic link to these documents. Choosing to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business, and also will give you an electronic link to the proxy voting site.

Stockholders of Record. Stockholders of record can choose to receive materials electronically by following the instructions provided if voting over the Internet or by telephone.

If you choose to receive future proxy statements and annual reports over the Internet, you will receive an e-mail next year with instructions containing the Internet address of those materials and the electronic link to the proxy voting site. The election will remain in effect until you write or call the Company’s Investor Relations Department and tell us otherwise.

Beneficial Owners. If you hold your shares in a brokerage account, you may also have the ability to receive copies of the Annual Report and Proxy Statement electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of electronic delivery.

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

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POWER SOLUTIONS INTERNATIONAL, INC.
 201 MITTEL DRIVE
 WOOD DALE, IL 60191
 ATTN: DONALD P. KLEIN

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/PSIX2020

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D25632-P45106

KEEP THIS PORTION FOR YOUR RECORDS
 DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

POWER SOLUTIONS INTERNATIONAL, INC.

The Board of Directors recommends you vote FOR the following Proposals:

<p>1. Election of Directors</p> <table border="0"> <tr> <td style="width: 25%;">Nominees:</td> <td style="width: 10%;">For</td> <td style="width: 10%;">Against</td> <td style="width: 10%;">Abstain</td> <td style="width: 45%;"></td> <td style="width: 10%;">For</td> <td style="width: 10%;">Against</td> <td style="width: 10%;">Abstain</td> </tr> <tr> <td>1a. Shaojun Sun, Ph.D.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1b. Hong He</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1c. Kenneth W. Landini</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1d. Xinghao Li</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1e. Sidong Shao</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1f. Frank P. Simpkins</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>1g. Guogang Wu</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Nominees:	For	Against	Abstain		For	Against	Abstain	1a. Shaojun Sun, Ph.D.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1b. Hong He	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1c. Kenneth W. Landini	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1d. Xinghao Li	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1e. Sidong Shao	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1f. Frank P. Simpkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1g. Guogang Wu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>2. Ratification of the appointment of BDO USA, LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020.</p> <p>3. To approve, by non-binding advisory vote, the compensation of the Company's named executive officers.</p> <p>The Board of Directors recommends you vote 1 year on the following proposal:</p> <table border="0"> <tr> <td style="width: 25%;"></td> <td style="width: 10%;">1 Year</td> <td style="width: 10%;">2 Years</td> <td style="width: 10%;">3 Years</td> <td style="width: 10%;">Abstain</td> </tr> <tr> <td>4. To recommend, in a stockholder non-binding advisory vote, the frequency of votes of the compensation of the Company's named executive officers.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> <p>NOTE: Such other business as may properly come before the meeting or any adjournment thereof.</p>		1 Year	2 Years	3 Years	Abstain	4. To recommend, in a stockholder non-binding advisory vote, the frequency of votes of the compensation of the Company's named executive officers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement, Annual Report and Form 10-K are available at www.proxyvote.com.

D25633-P45106

POWER SOLUTIONS INTERNATIONAL, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

**ANNUAL MEETING OF STOCKHOLDERS
DECEMBER 15, 2020**

The stockholder(s) hereby appoint(s) John P. Miller and Donald P. Klein, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of (Common/Preferred) Stock of Power Solutions International, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 8:00 a.m., Central Time on Tuesday, December 15, 2020, at the www.virtualshareholdermeeting.com/PSIX2020, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS, FOR PROPOSALS 2 AND 3, AND 1 YEAR ON PROPOSAL 4.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

CONTINUED AND TO BE SIGNED ON REVERSE SIDE