

GENERAC®

Investor Presentation
November 2010

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Forward Looking Statements



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Generac business overview



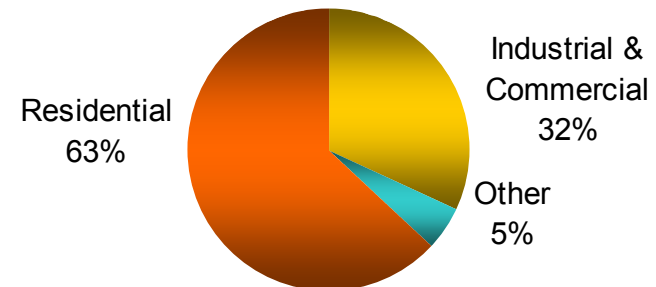
Business Overview –

- Leading designer and manufacturer of standby and portable generators
- Powerful macro industry fundamentals
- Comprehensive line of innovative product solutions for diverse and attractive end markets
- Extensive multi-channel distribution and service network
- Value based culture driving superior margins

Key Stats –

- Founded: 1959
- Distribution: over 17,000 outlets
- Geographic concentration: approx 98% North America
- Employees: 1,354 at 12/31/09, over 100 engineers on staff
- Over 1 million sq ft manufacturing & distribution space
- Headquartered in southeast Wisconsin

2009 sales: \$588mm

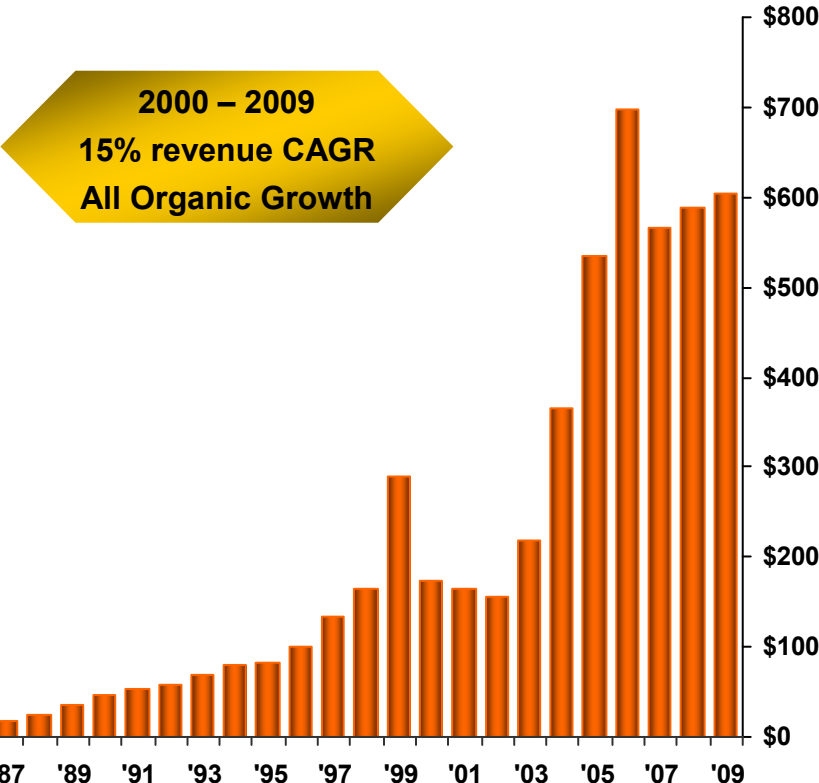


Broad product offering with leadership in targeted growth markets



<p>End markets</p>										
	<p>Residential</p>	<p>Light Commercial/Retail</p>	<p>Telecom</p>	<p>Healthcare</p>	<p>Municipal</p>	<p>Industrial/Manufacturing</p>				
<p>Power</p>	<p>0.8kW 9,000kW</p>									
<p>Product type</p>										
	<p>Portable</p>	<p>Residential standby</p>				<p>Industrial and light commercial standby</p>				
<p>Fuel</p>	<p>Gasoline</p>	<p>Natural gas</p>	<p>Liquid Propane</p>	<p>Bi-Fuel™</p>	<p>Bi-Fuel™</p>		<p>Diesel</p>			

Track record of innovation and organic growth



History of Generac Innovation

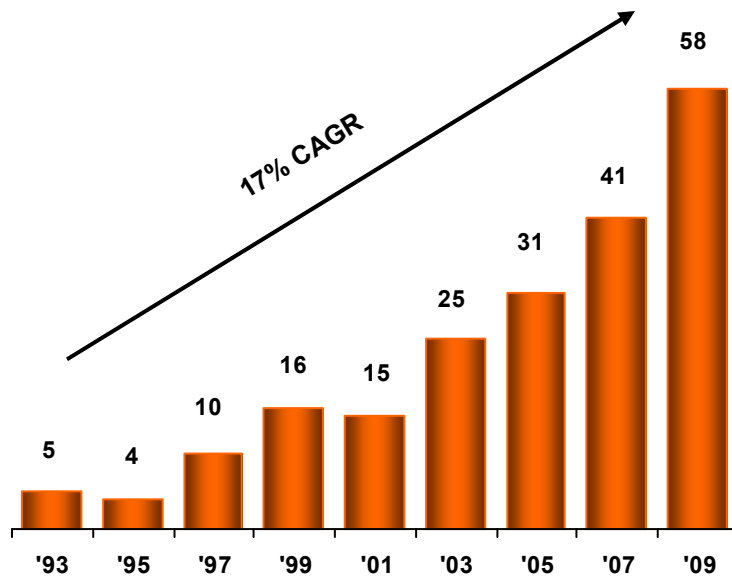
- Developed affordable home standby generator products
- Developed cost effective natural gas light-commercial generator line
- Developed differentiated approach to distribution of residential & commercial generators
- Developed first and only OEM installed Bi-Fuel™ system for industrial and commercial applications
- Developed modular power system (MPS) approach for industrial applications

Note: Represents gross sales excluding freight revenue. Excludes Portable Product sales prior to the division's divestiture in 1998. \$ amounts in millions.

Powerful macro trends drive industry demand



Growing number of power interruptions⁽¹⁾



Aging grid with favorable demographics

- 30–50% of T&D network in the U.S. is 40–50 years old
- Undergrounding the grid would cost up to \$4.0 trillion⁽²⁾
- Aging demographic and consumer preferences driving demand for reliable power
 - ~80% of buyers age 50 and older
 - ~50% of homes valued under \$300k
 - ~85% retro-fit application

Standby generators are an effective solution for power outages

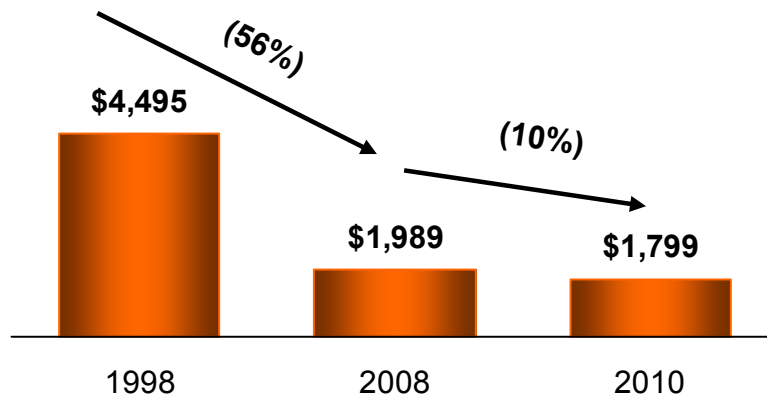
⁽¹⁾ Source: North American Electrical Reliability Council. Affecting more than 50,000 customers

⁽²⁾ At \$1mm/mile

Residential products – Significant penetration opportunity



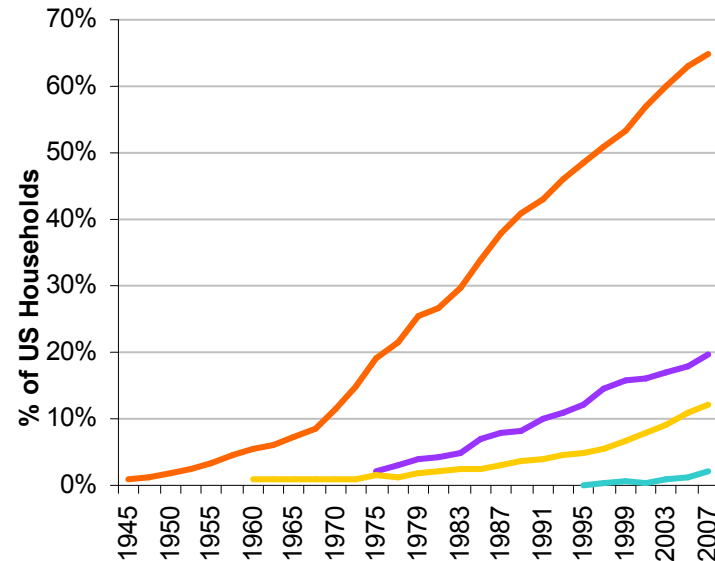
Affordability fuels adoption



Automatic Standby Generator Market

- 14% CAGR over 2003-2009
- ~2% current household penetration
- Generac has 70% market share

N.A. penetration opportunity

























- Central Air Conditioning
- Home Security Alarms
- Portable Generators
- Residential Standby Generators

Light commercial and industrial products – Compelling ROI

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Cost of 4 hour outage per business⁽¹⁾

Current and prospective customers

Food Sales	■ Grocery and convenience stores	\$26,234	    
Food Service	■ Restaurants	\$20,161	    
Mercantile	■ Retail stores, pharmacies	\$4,892	    
Healthcare	■ Hospitals, nursing homes	\$1,593	  
Telecom	■ Wireless towers	n/a	   

ROI drives market opportunity

Light commercial

- Over 2mm locations in the U.S.
- Affordable price point for natural gas units
 - Up to 35% less expensive than comparable diesel generators

Industrial

- Cost advantage of natural gas for many applications
- Modular applications increase affordability

Combination of power outage costs and increasing affordability have improved ROI

⁽¹⁾Source: SENTECH

Differentiated distribution model



Residential dealers

- Largest network of residential dealers created during the last decade
- Installation, after sale service and product support
- 10,000 technicians trained in 3 years

Industrial dealers

- Work with professional engineering firms to develop customized solutions
- Install, support, and service national account sales

Wholesalers

- Broad access and exposure to electrical & HVAC contractors

National Retailers

- Broad exposure for brand

Catalog and E-Commerce

- Broad exposure for brand and products

Private Label Partners

- Increased points of distribution
- Leverage well known brands

Direct to National Accounts

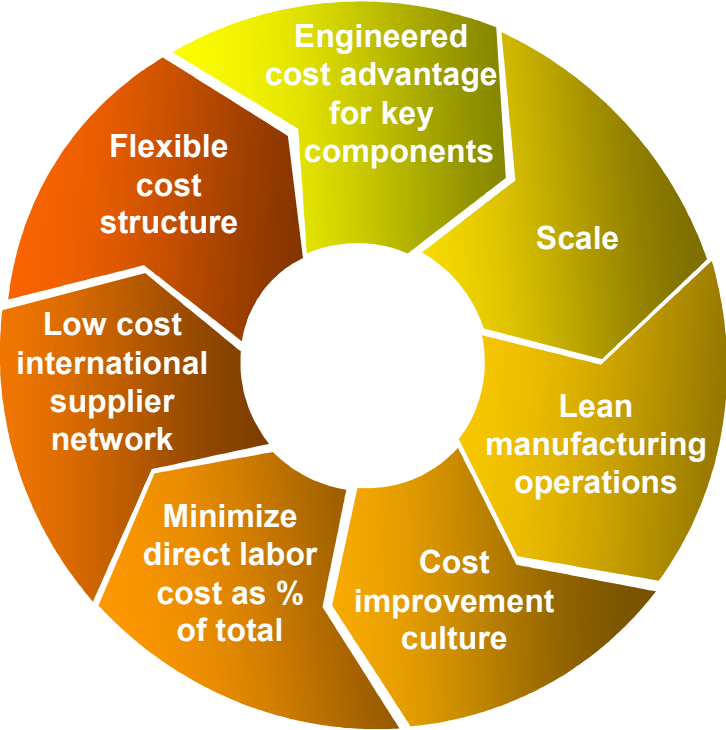
- Direct and coordinated sales approach for nat'l acct customers

Established and diverse distribution model = growth driver & competitive advantage

Advantaged operating model



Generac's intense operating focus



Engineered cost advantage

- Controls
- Engines
- Alternator
- Emissions Systems
- Fuel Systems
- Cooling Package
- Circuit Breakers
- Structural



Value based culture drives best-in-class profitability

Powering Ahead for the Future

Strategic Objectives



Grow Residential Standby Market

Increase penetration of US Households beyond current 2% figure

Gain Industrial Market Share

Increase share of commercial and industrial products sold in North America

Diversify Demand

Introduce new products and services to leverage brand, distribution and supply chain

Enter New Geographies

Increase international sales of residential, light commercial and industrial gas products

Grow Residential Standby Market



Affordability

- Introduced a new 7kW entry level price point home standby product in 2010
- Continued focus on reducing total cost of ownership – installation costs still too high



Popular Mechanics Magazine

Availability

- Continued effort to add dealers in underserved markets
- Focus on new home construction opportunity
- Leverage retail relationships to create awareness
- Expanding private label programs

Awareness

- Increase use of direct marketing campaigns
- Outage response advertising
- Build brand awareness



Gain Industrial Market Share



Expand Product Offering

- New diesel product offering with exclusive use of Fiat Powertrain engines introduced in 2010
- Introduction of additional products to increase addressable market for our distribution



Upgrade & Expand Distribution

- Expand current North American distribution footprint for industrial products by leveraging residential and light commercial dealer network
- Grow private label programs to further improve penetration opportunity for natural gas generators



Build Relationships with Engineers

- Increase % of specifications where Generac is listed as an approved supplier
- Develop relationships with engineering firms responsible for developing project specifications



Diversify Demand; Enter New Geographies

Diversify Demand

- Development of new products to leverage brand, customer base, supply chain and manufacturing footprint
- Re-entry into pressure washer market an example of strategy to diversify demand
- Additional new products and services are being evaluated



Enter New Geographies

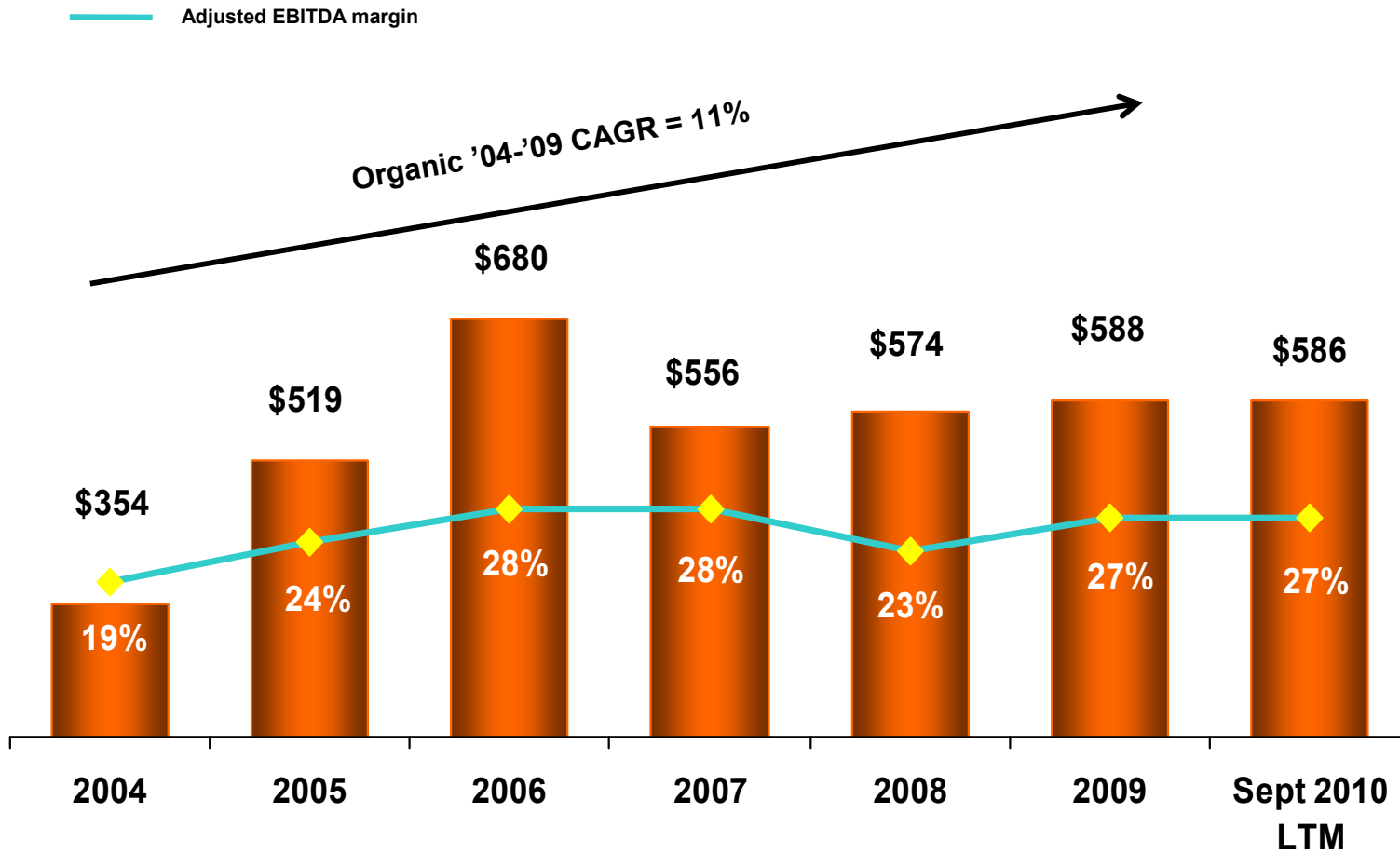
- Build sales and marketing team for Latin American market
- Expand Latin American distribution already in place
- Build brand with a focus on natural gas products



Sales growth and profitability



Sales and Adjusted EBITDA Margin



Note: amounts in \$ million

Q3 & YTD 2010 Financial Overview

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(\$mm)

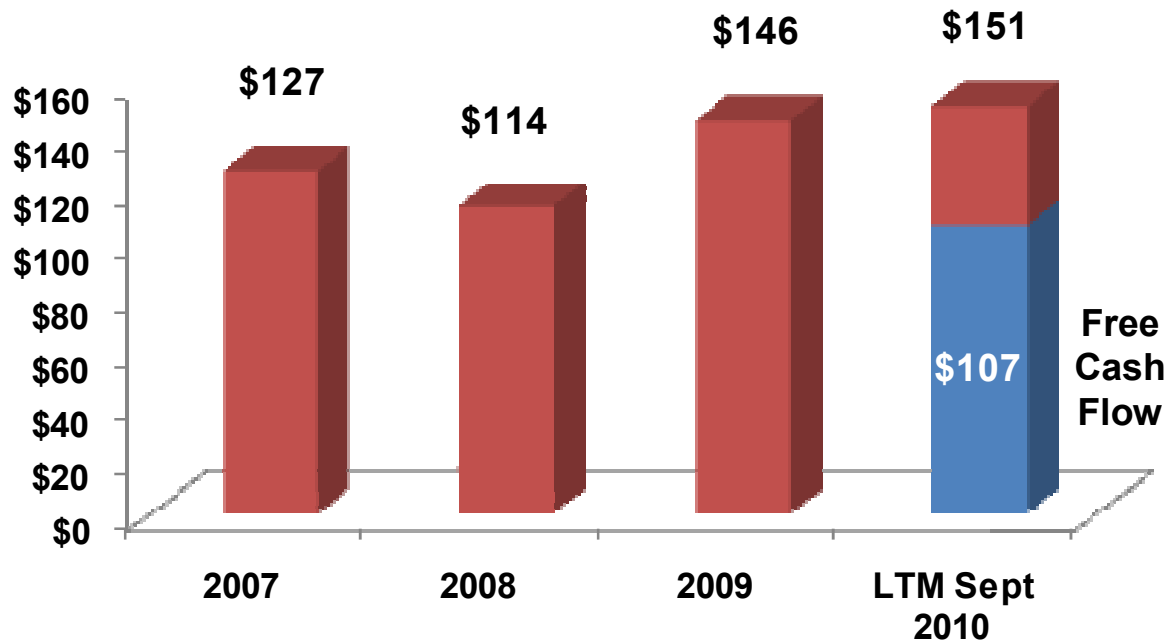
	Actual Q3 10	Y/Y % change	Actual Q3 YTD 2010	Y/Y % change
Residential	\$ 101.0	12.6%	\$ 272.8	1.4%
Industrial	49.6	7.6%	131.2	-7.9%
Other	10.1	18.7%	27.8	22.3%
Net Sales	<u>\$ 160.7</u>	11.4%	<u>\$ 431.8</u>	-0.6%
Gross Profit	\$ 67.4	4.5%	\$ 173.5	0.8%
<i>% Margin</i>	<i>41.9%</i>		<i>40.2%</i>	
Adjusted EBITDA	\$ 45.7	-0.8%	\$ 113.5	-1.3%
<i>% Margin</i>	<i>28.5%</i>		<i>26.3%</i>	
Adjusted Net Income	\$ 36.7	35.3%	\$ 82.9	43.7%
Free Cash Flow	\$ 35.2	51.1%	\$ 78.8	86.6%
Consolidated Net Debt			\$ 603.1	-37.0%
Consolidated Net Debt Leverage Ratio			3.8x	

Strong track record of cash flow generation



(\$mm)

Unlevered Free Cash Flow ⁽¹⁾



- Asset light model
- \$122mm tax amortization shield thru 2021 + NOL carry forward creates significant cash tax savings (est \$350mm to \$450mm present value)
- Lost cost, pre-payable debt at L + 250
- Evaluating uses of excess cash flow for 2011

Strong Post-IPO Cash Flow → 11% current Free Cash Flow yield ⁽²⁾

(1) Unlevered free cash flow defined as Free Cash Flow plus cash interest expense.

(2) Based on \$107mm Sept 2010 LTM Free Cash Flow and GNRC market capitalization as of 11/5/10.

Key Investment Highlights



- Powerful long-term industry fundamentals
- Low penetration of residential and light commercial standby generators
- Differentiated operating model creates sustainable competitive advantages
- Driving growth through innovation and distribution expansion
- Best-in-class profitability and cash flow generation



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Appendix

Adjusted EBITDA reconciliation

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(\$mm)

	2004	2005	2006	2007	2008	2009
Reported net income	\$60.2	\$121.3	(\$3.2)	(\$9.7)	(\$556.0)	\$43.1
Interest expense	0.2	0.3	19.0	125.4	108.0	70.9
Depreciation and amortization	4.6	5.0	14.2	53.8	54.8	59.7
Income taxes provision (benefit)	0.5	0.7	5.5	(0.6)	0.4	0.3
Non-cash impairment and other charges	0.2	0.4	7.4	5.3	585.6	(1.6)
Non-cash stock-based compensation expense	0.0	0.0	0.0	0.0	0.0	0.0
Write-off of deferred financing costs related to debt extinguishment	0.0	0.0	0.0	0.0	0.0	0.0
Transaction costs and credit facility fees	0.0	0.0	149.9	1.0	1.3	1.2
Non-cash gains	0.0	(1.3)	0.0	(18.8)	(65.4)	(14.7)
Other items per credit agreement	2.5	0.5	0.5	1.7	1.2	0.2
Adjusted EBITDA	\$68.2	\$126.9	\$193.3	\$158.1	\$129.9	\$159.1

Adjusted EBITDA reconciliation

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(\$mm)

	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Reported net income	\$23.0	\$14.3	\$38.3	\$31.1
Interest expense	6.5	17.2	20.8	53.7
Depreciation and amortization	15.0	15.1	44.5	44.7
Income taxes provision	0.1	0.1	0.2	0.3
Non-cash impairment and other charges	(0.8)	(0.0)	(0.2)	(1.4)
Non-cash stock-based compensation expense	1.7	0.0	4.6	0.0
Write-off of deferred financing costs related to debt extinguishment	0.0	0.0	4.2	0.0
Transaction costs and credit facility fees	0.2	0.5	0.9	1.2
Non-cash gains	0.0	(1.2)	0.0	(14.7)
Other items per credit agreement	0.0	0.1	0.2	0.1
Adjusted EBITDA	\$45.7	\$46.1	\$113.5	\$115.0

Adjusted net income & free cash flow reconciliation

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(\$mm)

Net income to Adjusted net income reconciliation

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net income	\$ 23.0	\$ 14.3	\$ 38.3	\$ 31.1
Provision for income taxes	0.1	0.1	0.2	0.3
Income before provision for income taxes	<u>23.1</u>	<u>14.4</u>	<u>38.5</u>	<u>31.4</u>
Amortization of intangible assets	13.1	13.1	38.7	38.9
Amortization of deferred loan costs	0.5	0.8	1.9	2.5
Write-off of deferred financing costs related to debt extinguishment	-	-	4.2	-
Gain on extinguishment of debt	-	(1.2)	-	(14.7)
Adjusted net income before provision for income taxes	<u>36.7</u>	<u>27.1</u>	<u>83.3</u>	<u>58.1</u>
Cash income tax expense	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.4)</u>	<u>(0.4)</u>
Adjusted net income	<u>\$ 36.7</u>	<u>\$ 27.1</u>	<u>\$ 82.9</u>	<u>\$ 57.7</u>

Free Cash Flow Reconciliation

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net cash provided by operating activities	\$ 36.5	\$ 24.3	\$ 83.1	\$ 45.1
Expenditures for property and equipment	<u>(1.3)</u>	<u>(1.0)</u>	<u>(4.3)</u>	<u>(2.9)</u>
Free Cash Flow	<u>\$ 35.2</u>	<u>\$ 23.3</u>	<u>\$ 78.8</u>	<u>\$ 42.2</u>