PACCAR INC
Form 11-K
June 17, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ý **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

Commission File Number

0-6394

PACCAR INC SAVINGS INVESTMENT PLAN

777 106TH Avenue, N.E.

Bellevue, Washington 98004

(full title and address of plan)

PACCAR INC

777 106TH Avenue, N.E.

Bellevue, Washington 98004

(Name of issuer and address of principal executive offices of issuer)

ITEM

Report of Independent Auditors

Audited Financial Statements

Statements of Net Assets Available for Benefits

Statement of Changes in Net Assets Available for Benefits

Notes to Financial Statements

Supplemental Schedules

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Schedule H, Line 4j - Schedule of Reportable Transactions

Signature

Exhibit 23 Consent of Independent Auditors

Exhibit 99(a) Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

Exhibit 99(b) Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

PACCAR Inc Savings Investment Plan
As of December 31, 2002 and 2001 and for the Year Ended December 31, 2002

with Report of Independent Auditors

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PACCAR Inc
Savings Investment Plan

Financial Statements

and Supplemental Schedules

As of December 31, 2002 and 2001 and for
the Year Ended December 31, 2002

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Report of Independent Auditors

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Schedule H, Line 4j Schedule of Reportable Transactions

Report of Independent Auditors

The Administrator of the
PACCAR Inc Savings Investment Plan

We have audited the accompanying statements of net assets available for benefits of the PACCAR Inc Savings Investment Plan as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2002 and 2001, and the changes in its net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2002, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Seattle, Washington
May 2, 2003 /s/ ERNST & YOUNG LLP

PACCAR Inc

Savings Investment Plan

Statements of Net Assets Available for Benefits

	December 31	
	2002	**2001**
Assets		
Investments, at fair value:		
Money market funds	**$ 178,213**	$ 195,957
Commingled trust funds	**171,028,489**	166,364,452
Mutual funds	**188,027,238**	201,697,788
PACCAR Inc common stock	**319,400,594**	311,615,441
Participant loans	**27,501,934**	27,577,052
Total investments	**706,136,468**	707,450,690
Dividends receivable	**4,842,795**	1,201,671
Due from broker for securities sold	**55,360**	893,138
Total assets	**711,034,623**	709,545,499
Liabilities		
Accrued expenses	**46,075**	59,815
Net assets available for benefits	**$ 710,988,548**	$ 709,485,684

See accompanying notes.

PACCAR Inc

Savings Investment Plan

Statement of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2002	
Additions		
Investment income (loss):		
Net depreciation in fair value of investments	**$**	**(21,295,975)**
Interest and dividends		**20,554,700**
		(741,275)
Contributions:		
Company		**13,368,490**
Participants		**25,671,205**
Total additions		**38,298,420**
Deductions		
Benefits paid to participants		**36,576,605**
Administrative expenses		**218,951**
Total deductions		**36,795,556**
Net increase		**1,502,864**
Net assets available for benefits at beginning of year		**709,485,684**
Net assets available for benefits at end of year	**$**	**710,988,548**

See accompanying notes.

PACCAR Inc

Savings Investment Plan

Notes to Financial Statements

December 31, 2002

1. Description of the Plan

The PACCAR Inc Savings Investment Plan (the Plan) is a defined contribution plan covering substantially all nonunion U.S. employees of PACCAR Inc and its U.S. subsidiaries (the Company). Such employees are eligible to participate in the Plan after completion of 30 days of service. Participants are eligible to receive employer contributions after one year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code of 1986 (the Code). This description of the Plan provides only general information. Participants should refer to the Plan document for a complete description of the Plan s provisions.

Contributions

Participants may elect to contribute any whole percentage, but not more than 35% of their respective annual compensation (as defined in the Plan document), subject to the Internal Revenue Service-mandated annual maximum ($11,000 in 2002). Participant contributions to the Plan are excluded from the participants current taxable earnings in accordance with Code Section 401(k). Beginning in 2002, catch-up contributions were made available under the Plan for those participants age 50 and older. The maximum annual catch-up contribution for 2002 was $1,000.

The Company annually matches participant contributions up to the lesser of 5% of the participants compensation as defined in the plan or the annual deferrals of eligible participants that are actively employed on December 31. In certain cases, as described in the Plan document, employees who terminated during the year will be eligible to receive matching contributions. Company matching contributions are made in the form of PACCAR Inc common stock and are valued for allocation purposes at the average cost of the shares acquired. The Company may suspend or reduce its contributions when its Consolidated Net Earnings are less than 8% of the Company s Capital Base, as defined by the Plan.

Upon reaching age 50, participants who have completed 5 or more years of service have a one-time opportunity to transfer to any one or more of the other investment options available under the Plan, any whole percentage of the value of his or her PACCAR Inc common stock acquired with Company matching contributions. Any future matching contributions allocated to such participants will continue to be made in the form of PACCAR Inc common stock.

Participant Accounts

Individual accounts are maintained for all Plan participants that reflect their contributions and related Company contributions to the Plan and any earnings or losses on the Plan s investments. The benefit to which the participant is entitled is the benefit that can be provided from the participant s account.

Vesting

Plan participants are immediately 100% vested in both participant and Company matching contributions when made, plus any investment earnings thereon.

Investment Options

Upon enrollment in the Plan, a participant may direct their employee contributions in whole percentage increments to any of the Plan s fund options. Participants may subsequently change their investment options daily for either existing or future participant contributions, in whole percentage increments, to any of the Plan s fund options.

Participant Loans

Actively employed participants may borrow from their individual accounts a minimum of $1,000, up to the lesser of: $50,000 less the highest outstanding loan balance during the previous 12 months, or 50% of the participants total account balance, or the participants total account balance, excluding Company matching contributions in the PACCAR Inc common stock fund and related earnings. Loan terms range from 1 to 5 years, or up to 15 years for the purchase of a primary residence, and early payoffs can be made without penalty. The loans are secured by the balance in the participant s account and bear a fixed interest rate equal to the prime rate plus 1% at the time the loan was made. The rate for new loans is determined monthly by the Plan administrator. Interest rates ranged from 5.25% to 10.50% on loans outstanding as of December 31, 2002. Principal and interest are repaid either through after-tax periodic payroll deductions or by personal check directly to The Fidelity Management Trust Company (the Trustee). Loans outstanding will not affect the amount of annual matching contributions the Company pays to participants accounts.

Beginning April 1, 2002, the number of loans that a participant can take was limited to two new loans per calendar year. Prior to April 1, 2002, the number of participant loans was not limited.

Benefit Payments

Participants who leave the Company on or after reaching age 55 may choose from these payment options: a single cash payment; whole shares of PACCAR Inc common stock included in the respective participants PACCAR stock accounts, plus a cash payment for the remaining balance; annual cash installments; or a combination of a single cash payment and annual cash installments. Participants who leave the Company before reaching age 55 may choose a single cash payment or whole shares of PACCAR Inc common stock included in the respective participants PACCAR stock accounts, plus a cash payment for the remaining balance. Also, active employees who reach age 70½ may choose to have their account paid in a single cash payment or leave it invested in the Plan, subject to minimum required distributions.

Plan Termination

It is the intention of the Company that the Plan will continue indefinitely. However, should the Company elect to terminate the Plan subject to the provisions of ERISA, the termination date shall be treated as the valuation date, and the balances in the participants accounts will be distributed to them.

Expenses

Third-party management fees are charged to the Plan, and the Company pays all other expenses relating to the Plan s administration.

2. Summary of Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

The Plan s investments are stated at fair value. The fair value of the participation units owned by the Plan in mutual funds is based on the mutual funds quoted market prices, which represent the net asset value of the underlying investments as reported by the funds on the last business day of the Plan year. The fair value of participation units in commingled trust funds are based on the quoted market price of the underlying securities and the number of units owned by the Plan at year-end. Investments in securities traded on a national securities exchange are valued at their market prices on the last business day of the Plan year. The money market fund is valued at cost, which approximates fair value. Participant loans are recorded at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Risks and Uncertainties

The Plan provides for various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, market volatility, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the value of participants account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

3. Investments

Assets held in the Plan are managed and investment transactions are executed by Fidelity Management Trust Company.

During 2002, the Plan s investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

Year Ended December 31, 2002		**Net Realized and Unrealized Appreciation (Depreciation) in Fair Value of Investments**
Participation in Fidelity commingled trust funds:		
U.S. Equity Index Commingled Pool	**$**	**(18,393,052)**
Participation in Fidelity mutual funds:		
Contrafund		**(10,644,896)**
Asset Manager		**(3,780,730)**
Asset Manager: Growth		**(7,392,328)**
Asset Manager: Income		**(835,316)**
Freedom Income		**(68)**
Freedom 2000		**(7,555)**
Freedom 2010		**(7,046)**
Freedom 2020		**(8,278)**
Freedom 2030		**(794)**
Freedom 2040		**(203)**
Participation in other mutual funds:		
PIMCO Total Return Fund: Administrative Class		**(38,275)**
Morgan Stanley Institutional Fund, Inc: International Equity Portfolio Class B		**(2,419)**
JP Morgan Mid Cap Value Fund: Institutional Class		**(10,258)**
Other investments:		
PACCAR Inc common stock		**19,825,243**
	$	**(21,295,975)**

In 2002, Plan investment options were expanded to include additional Fidelity mutual funds as well as other mutual fund options.

Investments that represent 5% or more of the fair value of the Plan s net assets are as follows:

	December 31			
		2002		**2001**
PACCAR Inc common stock*	**$**	**319,400,594**	$	311,615,441
Contrafund		**98,021,849**		108,759,801
Asset Manager: Growth		**37,427,233**		43,102,797
Managed Income Portfolio II				84,792,685
U.S. Equity Index Commingled Pool		**61,942,166**		81,571,767
Managed Income Portfolio II Class 2		**109,086,323**		

* Includes Company matching contributions, which are nonparticipant directed.

4. Nonparticipant-Directed Investments

The only nonparticipant-directed investments in the Plan are held in PACCAR Inc common stock, which also holds participant-directed investments. The investment activity cannot be split between participant-directed and nonparticipant-directed transactions. The information below regarding net assets and the significant changes in net assets relates to both the nonparticipant-directed and participant-directed transactions in PACCAR Inc common stock.

	December 31			
		2002		**2001**
Investments, at fair value:				
PACCAR Inc common stock	**$**	**319,400,594**	$	311,615,441
Dividends receivable		**4,842,795**		1,201,671
Less: accrued expenses		**(899)**		(925)
	$	**324,242,490**	$	312,816,187

		Year Ended December 31, 2002
Changes in net assets:		
Contributions	$	**14,130,650**
Dividends		**10,318,637**
Net realized and unrealized appreciation in fair value		**19,825,243**
Net transfers to participant-directed investments		**(19,114,321)**
Benefits paid to participants		**(13,788,751)**
Other		**54,846**
	$	**11,426,304**

5. Income Tax Status

The Plan was amended and restated effective January 1, 2002 to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The Plan has received a determination letter from the Internal Revenue Service dated October 2, 2002 stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax exempt.

6. Transactions with Parties-in-Interest

The Plan invests in the common stock of the Plan s sponsor, PACCAR Inc, which is purchased by the Trustee on the open market at fair value. The Plan made purchases totaling $34,775,504 and sales totaling $46,815,595 of PACCAR Inc common stock during 2002. The Plan received dividends on this stock totaling $6,677,513 in 2002. Dividends receivable as of December 31, 2002 and 2001 are $4,842,795 and $1,201,671, respectively.

Supplemental Schedules

PACCAR Inc

Savings Investment Plan

EIN: 91-0351110, Plan: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2002

(a)	**(b) Identity of Issue, Fund, or Borrower**	**(c) Description of Investment**	**(d) Cost**	**(e) Current Value**
	Money market funds:			
*	Fidelity Management Trust Company: Retirement Money Market	178,213 units	(1)	$ 178,213
	Participation units in commingled trust funds:			
*	Fidelity Management Trust Company:			
	Managed Income Portfolio II Class 2	109,086,323 units	(1)	109,086,323
	U.S. Equity Index Commingled Pool	2,357,905 units	(1)	61,942,166
				171,028,489
	Participation units in mutual funds:			
*	Fidelity Management Trust Company:			

Contrafund	2,539,426 units	(1)	98,021,849			
Asset Manager	2,196,898 units	(1)	30,317,188			
Asset Manager: Growth	3,126,753 units	(1)	37,427,233			
Asset Manager: Income	1,613,471 units	(1)	17,522,291			
Freedom Income	1,128 units	(1)	11,958			
Freedom 2000	29,536 units	(1)	325,188			
Freedom 2010	24,316 units	(1)	278,172			
Freedom 2020	20,098 units	(1)	213,840			
Freedom 2030	1,894 units	(1)	19,392			
			5,978			
Freedom 2040	1,020 units	(1)	SIZE="1">	(42,408)	(4)	42,40

Restricted stock awards	16,825		54					54
Stock-based compensation			1,183					1,183
Stock-based compensation -withheld	(403)		(150)			(6,306)		(150)
Warrants exercised	361,665	4	2,864					2,868
Warrants withheld			(2,867)			(122,241)	(1)	(2,868)
Other comprehensive income:								
Net income					886			886
Foreign currency translation				1,501				1,501
Comprehensive income								2,387
Balance, March 31, 2011	15,921,916	$ 1,407	$ 65,733	$ 2,883	$ 112,515	(203,089)	$ (8)	$ 182,530

Reversal of Treasury Shares: In March 2010 the Company issued 226,617 shares of common stock pursuant to the vesting schedules under the 2008 Management Incentive Plan. At that time, some participants elected to have a portion of their shares withheld to satisfy tax withholding obligations. As a result 42,408 shares (split-adjusted) were transferred to the Company s treasury shares account. However, according the 2008 Management Incentive Plan, these shares should have been transferred to the reserve account for future RSU stock grants.

Restricted Stock Awards: Pursuant to the 2008 Director s Equity Incentive Plan, the Company is permitted to award restricted stock subject to specified restrictions on transfer, forfeiture and/or such other restrictions on incidents of ownership determined by the Compensation Committee of the Company s Board of Directors. The Company has made the following issuances of restricted stock to non-executive members of its Board of Directors under the 2008 Director Equity Incentive Plan, each with a grant date fair value that approximated the quoted market price of the common stock on the date of grant. The four year vesting of each grant is contingent upon continued service as a director.

Date of Grant	Number of Shares	Grant Date Fair Value
January 22, 2009	26,144	$ 5.76
February 9, 2009	34,722	4.95
February 9, 2010	17,361	15.75
January 21, 2011	16,825	23.78

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The following table summarizes the expense related to these restricted stock awards (in thousands):

	Three Months Ended March 31, 2011	2010	Future Vesting periods
Restricted stock awards granted:			
January 22, 2009	$ 9	$ 9	$ 31
February 9, 2009	11	11	79
February 9, 2010	17	11	194
January 21, 2011	17		383
Total	$ 54	$ 31	$ 687

Stock-based Compensation: On June 23, 2008, the Company granted 581,546 RSUs with a grant date fair value of $10.80 per unit under the 2008 Management Incentive Plan pursuant to RSU Award Agreements executed by each beneficiary of the grant. Grants of RSUs under the Company s 2008 Management Incentive Plan (the MIP) are valued in terms of the quoted market price of the Company s common stock at date of grant; however, common stock is not issued at the time of the grant. Vesting of RSUs is based on certain performance and service conditions over a four year period. The Company recognizes compensation cost for awards with performance conditions if and when the Company concludes that it is probable that the performance conditions will be achieved, net of an estimate of pre-vesting forfeitures. The Company recognizes compensation cost for awards with service condition throughout the vesting term, net of an estimate of pre-vesting forfeitures. Prior to filing a Registration Statement on Form S-8 (the S-8) to register issuances of shares under the MIP, restricted shares were issued to plan participants as vesting requirements are satisfied. The Company filed the Form S-8 on September 8, 2010 and, since that date, has issued unrestricted shares under the MIP. In addition, on March 2, 2010, the Company issued 7,935 shares of restricted stock to the recipients of RSU awards according to specific separation agreements.

On February 9, 2009, the Company granted 540,008 RSUs with a grant date fair value of $4.95 per unit under the MIP. In addition, on September 14, 2009, the Company granted 83,333 RSUs with a grant date fair value of $10.80 per unit under the 2008 Management Incentive Plan. Additionally, on March 2, 2010, the Company issued 11,842 shares of restricted stock to certain recipients of RSU awards pursuant to individual separation agreements.

On March 23, 2010, the Company granted 458,888 RSUs with a grant date fair value of $15.75 per unit under the MIP.

On March 14, 2011, the Company granted 24,059 RSUs with a grant date fair value of $23.90 per unit under the MIP.

The following table summarizes the expense related to these RSUs (in thousands):

	Three Months Ended March 31, 2011	2010
Restricted stock units granted:		
June 23, 2008	$ 304	$ 141
February 9, 2009	378	243
March 23, 2010	487	
March 14, 2011		
Total	$ 1,169	$ 384

Stock-based Compensation - Withheld: In January 2011, some participants in the 2008 Management Co-Investment Plan elected to return a portion of the shares issued in January 2008 under the Co-Investment Plan, totaling 6,306 shares, to satisfy tax withholding obligations resulting in a $0.2 million adjustment to Paid-in Capital. These shares are held as treasury shares.

Management Co-Investment Plan: On January 22, 2008, members of management were offered the opportunity to purchase shares of the new common stock (up to an aggregate amount of $1.5 million) at the share price of $7.65 per share. With each purchase of two shares of new common stock, an additional share of restricted stock (each an Incentive Share) was issued. At March 31, 2010, 2,136 shares of common stock issued under the Management Co-Investment Plan were forfeited by members of management who terminated their employment with the Company prior to meeting the vesting requirements. These shares are held as treasury shares.

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The following table summarizes the expense related to the MIP (in thousands):

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Future Vesting periods
MIP			
January 22, 2008	$ 14	$ 33	$
Total	$ 14	$ 33	$

Warrants: On January 22, 2008, the Company issued warrants to purchase 1,807,222 shares of common stock with an exercise price of $7.9254. The warrants vested immediately upon issuance and expire on January 22, 2013. During the three months ended March 31, 2011, warrants were exercised to purchase 361,665 shares of common stock. The stock was sold in a cashless transaction whereby the Company withheld 122,241 shares of common stock, treasury shares, as payment of the exercised purchase warrants.

Foreign Currency Translation: Foreign assets and liabilities are translated using the exchange rate in effect at the balance sheet date, and results of operations are translated using an average rate for the period. Translation adjustments are accumulated and reported as a component of accumulated other comprehensive income. The amount of accumulated comprehensive income related to foreign currency translation was $1.5 million for the period ended March 31, 2011.

NOTE 7 SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures are as follows (in thousands):

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 210	$ 1,257
Income taxes	274	132

NOTE 8 SEGMENT INFORMATION

The Management Approach called for by ASC 280, *Segment Reporting*, is used by Company management to present the following segment information. The Company considered the way its management team makes operating decisions and assesses performance and considered which components of its enterprise have discrete financial information available. Management makes decisions using a products and services group focus and its analysis resulted in two operating segments, our Products Division and our Services Division. The Company evaluates performance based on net income or loss not including certain items as noted below. Intersegment revenues and transactions were not significant. Interest expense is allocated based on the amount of capital employed for each division. Corporate assets consist primarily of cash and deferred tax assets.

The following table presents information about segment income (in thousands):

	Products Division Three Months Ended March 31,		Services Division Three Months Ended March 31,	
	2011	2010	2011	2010
Revenues	$ 27,761	$ 35,054	$ 83,822	$ 122,096

Interest expense	127	1,103	133	1,054
Depreciation and amortization	376	504	587	536
Income tax provision (benefit)	(38)	391	76	1,238
Segment income (loss)	(2,708)	1,731	3,639	8,881
Total Assets	$ 137,128	$ 132,087	$ 104,719	$ 122,324

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The following table presents information, which reconciles segment information to consolidated totals (in thousands):

	March 31, 2011	December 31, 2010
Assets:		
Total segment assets	$ 241,847	$ 224,848
Non allocated corporate assets	32,035	40,877
Total consolidated assets	$ 273,882	$ 265,725

The following table presents information, which reconciles segment information to consolidated totals (in thousands):

	Three Months Ended March 31, 2011	2010
Net income:		
Total segment income	$ 931	$ 10,612
Income from discontinued operations		1,059
Reorganization expense	(45)	(506)
Consolidated net income	$ 886	$ 11,165

The following presents consolidated revenues by geographical region based on the Company s operating locations. Products are often shipped to other geographical areas but revenues are listed in the region in which the revenue is recognized (in thousands):

	Three Months Ended March 31, 2011		2010	
	Revenue Recognized In	Revenue Rendered	Revenue Recognized In	Revenue Rendered
United States	$ 103,646	$ 97,854	$ 144,669	$ 129,786
Canada		410		2,096
Europe	4,470	1,236	9,228	3,502
Mexico	3,163	1,389	1,592	
Asia	304	794	1,661	6,062
Middle East		5,988		10,323
Other		3,912		5,381
Total	$ 111,583	$ 111,583	$ 157,150	$ 157,150

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Item 2. ***Management s Discussion and Analysis of Financial Condition and Results of Operations.***

The following discussion provides an analysis of the results of operations for each of our business segments, an overview of our liquidity and capital resources and other items related to our business. It contains forward-looking statements about our future revenues, operating results and expectations. See Cautionary Statement Regarding Forward-Looking Statements above and in Part I, Item 1A Risk Factors in our Annual Report on Form 10-K filed with the SEC on March 22, 2011 for a discussion of the risks, assumptions and uncertainties affecting these statements. This discussion and analysis should be read in conjunction with our condensed consolidated financial statements and notes thereto included in this Quarterly Report Form 10-Q and our audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K, filed with the SEC on March 22, 2011.

Overview:

We are a comprehensive provider of power generation equipment and maintenance services for customers in the domestic and international energy, power, infrastructure and service industries. We operate through two business segments, which we refer to as our Products Division and our Services Division.

Through our Products Division, we design, engineer and manufacture a comprehensive range of auxiliary power and heat recovery equipment primarily used to enhance the efficiency and facilitate the operation of gas turbine power plants as well as for other industrial, energy and power-related applications.

Through our Services Division, we provide on-site specialty, maintenance and outage management services for commercial nuclear reactors and specialty, maintenance and other industrial services to fossil-fuel and hydroelectric power plants and other industrial operations in the United States. These services include a comprehensive range of industrial maintenance, modification, construction and specialty services.

For information about our segments, see Note 8 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

In both our segments, our operations are based on discrete projects subject to contract awards of varying scopes and values. Business volume fluctuates due to many factors, including the mix of work and project schedules, which are dependent on the level and timing of customer releases of new business. Significant fluctuations may occur from period to period in revenues, gross profits and operating results and are discussed below.

Products:

Year-to-date operating results for our Products Division reflect lower shipment volumes compared to the prior year period primarily due to timing of project shipments. Approximately $20 million of projects scheduled to ship in the first quarter of 2011 were delayed until subsequent quarters. Gross margins realized in the first quarter of 2011 were weaker than in 2010, primarily due to lower as sold margins booked in the depressed OEM cycle being recognized upon project shipments and a non-recurring favorable reserve adjustment in the first quarter 2010. Current bookings to backlog within this segment reflect pricing commensurate with the competitive environment in which we are currently operating.

Services:

Volumes in our Services Division depend in significant part upon our clients scheduling of refueling outages and timing of capital project work, which historically has varied from year to year and within each calendar year. As a result, the volume of outage work in any calendar year may vary during the course of the year as projects are commenced and completed. Furthermore, we experienced a significant decline in capital project work during the first quarter of 2011 largely tied to one project that was nearing completion. Our year-to-date 2011 gross margins reflect historical levels but were down compared to the first quarter of 2010 due to project mix and abnormally high margins realized in prior period as a result of job close-outs.

Backlog:

Our backlog consists of firm orders or blanket authorizations from our customers. Backlog may vary significantly from reporting period to reporting period due to the timing of customer commitments. The time between receipt of an order and actual completion, or delivery, of our products varies from a few weeks, in the case of inventoried precision parts, to a year or more, in the case of custom designed auxiliary power equipment and other major plant components. We add a booking to our backlog for Products Division orders when we receive a purchase order or other written contractual commitment from a customer. The maintenance services we provide through our Services Division are typically carried out under long-term contracts spanning several years. Upon signing a multi-year maintenance contract with a customer for services, we add to our backlog only the first twelve months of work that we expect to perform under the contract. Additional work that is not identified under the original contract is added to our backlog when we reach an

agreement with the customer as to the scope and pricing of that additional work. Other service-based project awards are typically defined in terms of scope and pricing at the time of contractual commitment from the customer. Upon receipt of a customer commitment, these project bookings are added to our backlog at full contract value regardless of the time frame anticipated to complete the project.

Backlog is not a measure defined by generally accepted accounting principles in the United States, and our methodology for determining backlog may vary from the methodology used by other companies in determining their backlog amounts. Backlog may not be indicative of future operating results and projects in our backlog may be cancelled, modified or otherwise altered by our customers.

The following table shows our backlog, by division, as of the end of each of the last five quarters (in thousands):

	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	March 31, 2011
Products	$ 98,784	$ 98,598	$ 115,301	$ 119,420	$ 178,939
Services	168,936	199,443	230,233	229,913	206,050
Total Backlog	$ 267,720	$ 298,041	$ 345,534	$ 349,333	$ 384,989

The increase in Products backlog in the first quarter 2011 is primarily comprised of OEM-related bookings for projects with concentration in the Middle East and the United States. Management believes first quarter bookings reflects a continued stabilization of the OEM market and anticipates that most of these bookings will convert to revenue beyond 2011.

The decrease in Services backlog in the first quarter 2011 reflects the decline in large capital project work that was booked in 2009 with the majority of the work having been completed during the quarter, partially offset by additional bookings under our multi-year maintenance contracts as each month an additional month of bookings is recorded to backlog in order to maintain a 12-month backlog and other smaller projects.

Results of Operations:

Our summary financial results for the three months ended March 31, 2011 and 2010 are as follows (in thousands):

	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Products revenue	$ 27,761	$ 35,054	$ (7,293)	20.8%
Services revenue	83,822	122,096	(38,274)	31.3%
Total revenues	111,583	157,150	(45,567)	29.0%
Cost of products revenue	22,941	26,324	(3,383)	12.9%
Cost of services revenue	73,988	105,569	(31,581)	29.9%
Cost of revenues	96,929	131,893	(34,964)	26.5%
Gross profit	14,654	25,257	(10,603)	42.0%
Gross margin %	*13.1%*	*16.1%*		
Selling and administrative expenses	13,425	10,859	2,566	23.6%
Interest expense	260	2,157	(1,897)	87.9%
Reorganization expense	45	506	(461)	91.1%
Income tax expense	38	1,629	(1,591)	97.7%
Income from discontinued operations		1,059	(1,059)	100.0%
Net income	$ 886	$ 11,165	$ (10,279)	92.1%

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Revenues

(In thousands)	Three Months Ended March 31, 2011	2010	Variance $	%
Products revenue	$ 27,761	$ 35,054	$ (7,293)	20.8%
Services revenue	83,822	122,096	(38,274)	31.3%
Total revenues	$ 111,583	$ 157,150	$ (45,567)	29.0%

Products Revenue.

The composition of our Products revenue varies from period to period based on our product mix, the strength of various geographic markets we serve and our ability to address those markets. The geographic dispersion of where products were shipped for the three months ended March 31, 2011 and 2010 was as follows (in thousands):

	Three Months Ended March 31, 2011	2010	Variance $	%
United States	$ 14,032	$ 7,690	$ 6,342	82.5%
Canada	410	2,096	(1,686)	80.4%
Europe	1,236	3,502	(2,266)	64.7%
Mexico	1,389		1,389	
Asia	794	6,062	(5,268)	86.9%
Middle East	5,988	10,323	(4,335)	42.0%
Other	3,912	5,381	(1,469)	27.3%
Total	$ 27,761	$ 35,054	$ (7,293)	20.8%

The decrease in Products Revenue for the three months ended March 31, 2011, compared to the same period in 2010, is primarily attributable to timing of project shipments during the first quarter of 2011 compounded by pricing constraints on orders booked during the trough of the OEM cycle. Approximately $20 million of projects scheduled to ship in the first quarter of 2011 were delayed until subsequent quarters. Geographic declines were most significant in Asia and the Middle East partially offset by an increase in domestic revenues.

Services Revenue.

The composition of our Services revenue varies from period to period based on contract mix (lump-sum versus fixed price and capital versus maintenance) and the number and scope of outages under our evergreen maintenance contracts.

The decrease in Services revenue for the three months ended March 31, 2011, compared to the same period in 2010, resulted from approximately $33.9 million reduction in work associated with a large capital project that began in the second half of 2009 and continued into the first quarter of 2011. The balance of the decline was attributable to the timing and number of outages occurring in the first quarter 2010 versus the same period in 2011.

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Gross Profit / Margin %

($ In thousands)	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Gross Profit - Products	$ 4,820	$ 8,730	$ (3,910)	44.8%
Gross Margin %	*17.4%*	*24.9%*		
Gross Profit - Services	9,834	16,527	(6,693)	40.5%
Gross Margin %	*11.7%*	*13.5%*		
Total Gross Profit	$ 14,654	$ 25,257	$ (10,603)	42.0%
Gross Margin %	*13.1%*	*16.1%*		

Products.

The gross profit for Products decreased by $3.9 million compared to the corresponding period in 2010. The 7.5% degradation in gross margin resulted primarily from a decline in as sold margins on projects booked in a more competitive OEM market as compared to bookings that generated revenues in the first quarter of 2010 with higher margins. The remaining decline in gross margin was largely attributable to product mix and $0.5 million of reserve adjustments that benefited first quarter 2010 margins and did not recur in 2011.

Services.

The gross profit for Services decreased by $6.7 million for the three months ended March 31, 2011 compared to the corresponding periods in 2010. Approximately $5.2 million of the decline in gross profit was primarily attributable to the revenue decline. Additionally, margins were unfavorably impacted by the reduction in capital work in 2011, as noted above, and an increase in maintenances outages. First quarter 2011 gross margin percentages were in line with historical norms but down from the prior year due to project mix.

Selling and Administrative Expenses

(In thousands)	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Selling and administrative	$ 13,425	$ 10,859	$ 2,566	23.6%

Selling and administrative expenses include the costs associated with conducting our business, including general management, compensation and benefits of employees that are not direct costs of active projects, officers and directors, legal and professional fees and other general expenses.

The increase in selling and administrative expenses resulted from an increase in non-cash stock compensation expense of $0.8 million due to the RSU and RSA grants and the resetting of the performance condition portion of prior years RSU grants. An approximate $0.5 million favorable mark-to-market adjustment benefit realized on forward contracts in the first quarter of 2010 did not recur in 2011. Additionally, we incurred one-time expenses of approximately $1.0 million during the quarter for professional fees in support of an aquisition strategy and certain reserve adjustments. Personnel costs were $0.2 million higher due to an increase in headcount at corporate and operating divisions.

Interest Expense

(In thousands)	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Interest expense	$ 260	$ 2,157	$ (1,897)	87.9%

Interest expense consists of term loan interest, amortization of debt issuance costs and letter of credit fees offset by interest income earned on cash balances.

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Interest expense decreased $1.9 million in the three months ended March 31, 2011, compared to the corresponding period in 2010. The decline was attributable to repayment of the term loan facility in November 2010, resulting in a $1.3 million reduction in interest expense and a $0.5 million reduction in amortization of debt issuance costs. In addition, letter of credit fees decreased $0.1 million for the first quarter in 2011, compared to the corresponding period in 2010.

Reorganization Expense (Income)

(In thousands)	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Reorganization expense	$ 45	$ 506	$ (461)	91.1%

Reorganization expenses consist of professional fees and changes in liabilities subject to compromise incurred in connection with our 2008 bankruptcy proceedings.

Total reorganization expenses decreased $0.5 million in the three months ended March 31, 2011, compared to the corresponding period in 2010. The decline was attributable to a $0.3 million decrease in the estimate of liabilities subject to compromise and a $0.2 million reduction in professional fees incurred in an effort to resolve claims that remained outstanding from our 2008 bankruptcy proceedings.

Income Tax Expense

(In thousands)	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Income tax expense	$ 38	$ 1,629	$ (1,591)	97.7%

Income tax expense for interim periods is based on estimates of the effective tax rate for the entire fiscal year. The effective income tax rate is based upon the estimated income for the year, the estimated composition of the income in different jurisdictions and discrete adjustments, if any, in the applicable quarterly periods for settlements of tax audits or assessments and the resolution or identification of tax position uncertainties.

For the three months ended March 31, 2011, our income tax provision was $0.04 million, or 4.1% of pretax income, compared to $1.6 million, or 13.9% of pretax income, in the same period for 2010. The decrease in our effective tax rate was primarily due to a more favorable mix of earnings in tax jurisdictions with tax rates lower than the U.S. statutory rate, fluctuation in the valuation allowance we use in connection with our assessment of the recoverability of our deferred tax assets, including net operating loss carryforwards, and permanent differences between the book and tax treatment of certain items.

Income from Discontinued Operations

(In thousands)	Three Months Ended March 31,		Variance	
	2011	2010	$	%
Income from discontinued operations	$	$ 1,059	$ (1,059)	100.0%

Discontinued operations are primarily comprised of income recognized from Deltak s large-scale HRSG product line contracts. Some of the HRSG contracts under completion agreements were in a positive cash position as of the September 28, 2006, Chapter 11 filing date, because aggregate collections of billings exceeded aggregated project costs incurred. Our recognition of this excess was deferred until the earnings process was considered completed upon satisfaction of performance milestones set forth in the completion agreements.

During the three months ended March 31, 2011, we did not recognize any income from discontinued operations because the balance of deferred revenues, which related to completion agreements from Deltak s legacy large-scale HRSG contracts, was fully recognized in the second quarter of 2010. As milestones contained within the completion agreements were met in the first quarter 2010, deferred revenues were removed from the balance sheet and recognized as income from discontinued operations. These were non-cash events (see Note 2 Revenue Recognition).

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Liquidity and Capital Resources

We believe a strong balance sheet is a necessary pre-requisite for creating sustainable growth in stockholder value. Our liquidity position as of March 31, 2011 was strong; we had $44.0 million of cash on our balance sheet and access to $25 million on the cash advance sub-facility.

Sources and Uses of Cash. Our primary sources of cash are net cash flow from operations and borrowings under our Credit Facility. Our primary uses of cash are working capital requirements for active projects, capital expenditures, interest payments on our indebtedness and letters of credit, and general corporate purposes.

Credit Facility. Our Credit Facility consists of a $90 million term loan facility and a $60 million revolving letter of credit facility, including a $25 million cash advance sub-facility. At March 31, 2011, we had no debt outstanding and $25.0 million of unused capacity on the cash advance sub-facility.

The Credit Facility includes affirmative and negative covenants, including customary limitations on securing additional debt and liens and restrictions on transactions as well as financial covenants relating to our consolidated leverage ratio, consolidated fixed charge ratio and liquidity. If we fail to comply with the restrictions in the Credit Facility, we will be in default and the participating banks may restrict our ability to borrow additional funds under the Credit Facility, may require that we immediately repay all outstanding loans with interest and may require the cash collateralization of outstanding letter of credit obligations. We have given a first priority lien on substantially all of our assets as security for the Credit Facility. At March 31, 2011, we were in compliance with all financial and other covenants under the Credit Facility.

Cash and Cash Equivalents. Cash and cash equivalents decreased $11.5 million, or 20.7%, to $44.0 million at March 31, 2011 from $55.5 million at December 31, 2010, primarily as a result of using cash from operations during the three months ended March 31, 2011, to fund working capital requirements. During the same period in 2010, cash and cash equivalents decreased $40.6 million, or 39.3%, from $103.2 million to $62.6 million, primarily attributable to partial repayment of our term loan. Changes in cash and cash equivalents for the three months ended March 31, 2011 and 2010 are as follows (in thousands):

	Three Months Ended March 31,	
	2011	**2010**
Statement of cash flow data:		
Net cash flows provided by (used in):		
Operating activities	$ (11,978)	$ 1,418
Investing activities	(909)	493
Financing activities		(40,996)
Effect of exchange rate changes on cash	1,402	(1,508)
Change in cash and cash equivalents	$ (11,485)	$ (40,593)

Operating Activities

We believe that cash generated from our operations and available to us under our Credit Facility will be adequate to meet our working capital requirements for the foreseeable future. We expect our net operating cash flow will be positive in 2011, although our Products and Services Divisions could require increased levels of working capital if the OEM markets continue to strengthen.

During the three months ended March 31, 2011, net cash used in operating activities was $12.0 million. The primary uses of cash included:

a $15.0 million decrease in cash associated with changes in our working capital accounts (discussed below) due to the timing of cash receipts and payments in these accounts. The most significant increase in working capital stemmed from an increase in costs and estimated earnings in excess of billings within the Products Division, which is indicative of our investment in active projects;

a $0.2 million decrease in cash resulting from a decrease in liabilities subject to compromise; and

net income of $0.9 million, adjusted for non-cash charges of $1.1 million in depreciation and amortization and $1.2 million in stock based compensation.

During the three months ended March 31, 2010, net cash provided by operating activities was $1.4 million. The principal sources of cash were:

net income of $11.2 million, adjusted for non-cash charges of $1.6 million in depreciation and amortization and $0.5 million in stock based compensation, partially offset by $0.9 million in deferred revenue recognized on completion agreements;

a $10.8 million decrease in cash associated with changes in our working capital accounts (discussed below) due to the timing of cash receipts and payments in these accounts which was indicative of our investment in current projects in process at March 31, 2010; and

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a $0.1 million decrease in cash resulting from a decrease in liabilities subject to compromise.

The year-over-year $13.4 million decrease in cash provided by operating activities resulted primarily from lower shipment volumes during the first quarter of 2011, which negatively affected net income.

We continually monitor our accounts receivable, and manage the operating cash flows of the Company by managing the working capital accounts in total, rather than by the individual elements. The primary elements of the Company s working capital accounts are accounts receivable, costs and estimated earnings in excess of billings, other assets, accounts payable, billings in excess of cost and estimated earnings and other accrued liabilities. Accounts receivable consist of billings to our clients a substantial portion of which is for project-related costs. Costs and estimated earnings in excess of billings consist of costs incurred on projects that have not been billed to our clients. Accounts payable consists of obligations to third parties relating primarily to costs incurred for projects that are generally billable to clients. Billings in excess of cost and estimated earnings consist of billings to and payments from our clients for costs yet to be incurred. This comprehensive view of working capital, taking into account each of the six primary elements listed, is both common and useful in our project-based industry, as it facilitates reviews of cash flow information at the total working capital level.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2011 was $0.9 million and primarily comprised of fixed asset purchases.

Net cash provided by our investing activities for the three months ended March 31, 2010 was $0.5 million, consisting primarily of increases in restricted cash partially offset by purchases of fixed assets.

Financing Activities

No cash was used in financing activities for the three months ended March 31, 2011. The outstanding balance of the term loan and related interest on our Credit Facility was paid in full on November 18, 2010.

Net cash used in financing activities for the three months ended March 31, 2010 was $41.0 million, resulting from principal payments made on our Credit Facility which included $35.7 million in payments made pursuant to the excess cash flow provision calculated as of December 31, 2009, $5.0 million in amortization payments and $0.3 million in debt issuance costs.

Off-Balance Sheet Transactions

Our liquidity is currently not dependent on the use of off-balance sheet transactions but, in line with industry practice, we are often required to provide performance and surety bonds to customers and may be required to provide letters of credit. If performance assurances are extended to clients, generally our maximum potential exposure is limited in the contract with our customers. We frequently obtain similar performance assurances from third-party vendors and subcontractors for work performed in the ordinary course of contract execution. However, the total costs of a project could exceed our original cost estimates and we could experience reduced gross profit or possibly a loss for a given project. In some cases, where we fail to meet certain performance standards, we may be subject to contractual liquidated damages.

Critical Accounting Policies

Our condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires management to make judgments and estimates. Item 7 of Part II of our Annual Report on Form 10-K filed with the SEC on March 22, 2011, addressed the accounting policies and related estimates that we believed were the most critical to understanding our consolidated financial statements, financial condition and results of operations and those that require management judgment and assumptions, or involve uncertainties. We did not have a significant change to the application of our critical accounting policies and estimates during the first three months of 2011.

Contractual Obligations

There have been no material changes to the table of contractual obligations presented in our Annual Report on Form 10-K, filed with the SEC on March 22, 2011.

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Item 3. ***Quantitative and Qualitative Disclosures About Market Risk.***

Interest Rate Risk: Our primary market risk exposure is volatility of interest rates, primarily in the United States. We manage interest rates through the use of a combination of fixed and floating rate debt and interest rate swap agreements. We are subject to interest rate changes on our LIBOR-based variable interest $150 million Credit Facility. As of March 31, 2011, we had no outstanding borrowings on our Credit Facility.

Interest Rate Sensitivity: Based on the absence of any borrowings at March 31, 2011, a 50 basis point fluctuation in short-term interest rates would have no impact on our expected pre-tax income on an annual basis.

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of disclosure controls and procedures in Rule 13a-15(e) under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2011. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that the information required to be disclosed in the Company s periodic reports is recorded, processed, summarized and reported as and when required.

Changes in Internal Control over Financial Reporting

We are not yet required to comply with the internal control reporting requirements mandated by Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404) due to a transition period established by rules of the SEC for newly public companies. We will be required to comply with the internal control over financial reporting requirements for the first time, and will be required to provide a management report on the effectiveness of our internal control over financial reporting and an attestation report on the effectiveness of our internal control over financial reporting from our independent registered public accounting firm, in connection with our Annual Report on Form 10-K for the year ending December 31, 2011. Although we are not yet required to comply with these requirements, we are preparing for future compliance by assessing and strengthening our system of internal control. We are in the process of performing the information system and process documentation, and evaluation and testing required for management to make this assessment and for our independent registered public accounting firm to provide their attestation report. In the course of evaluation and testing, management may identify deficiencies that will be addressed and remediated. During the three months ended March 31, 2011, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to affect, our internal control over financial reporting.

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Part II - OTHER INFORMATION

Item 1. ***Legal Proceedings*.**
The information included in Note 5 to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q is incorporated by reference into this Item.

Item 1A. ***Risk Factors*.**
There were no material changes to our risk factors from those reported in our Annual Report on Form 10-K as filed with the SEC on March 22, 2011.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds*.**
Sales of Unregistered Securities During the Quarter

Upon emergence from bankruptcy on January 22, 2008, we issued warrants to acquire 1,807,223 shares of our common stock at an exercise price of $7.9254 per share to the group of then-existing stockholders that backstopped a rights offering. The warrants vested immediately upon issuance and expire on January 22, 2013. On February 16, 2011 and March 2, 2011, warrants were exercised to purchase 326,665 and 35,000, respectively, shares of common stock. The stock was sold in cashless transactions whereby the Company withheld an aggregate 122,241 shares of common stock, treasury shares, as payment of the exercised purchase warrants. The shares were issued pursuant to private placements in reliance on Section 4(2) of the Securities Act of 1933, as amended.

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Item 6. ***Exhibits*.**

Exhibit	Description
10.1	Amended and Restated Global Power Equipment Group Inc. Incentive Compensation Plan.
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

GLOBAL POWER EQUIPMENT GROUP INC.

Date: May 16, 2011

By: /s/ DAVID L. WILLIS
David L. Willis,
Senior Vice President and Chief Financial Officer

As a duly authorized officer of the Registrant and as principal financial officer.