GLOBAL POWER EQUIPMENT GROUP INC/
Form 424B4
May 21, 2001

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-56832

7,350,000 Shares

GLOBAL POWER LOGO

Common Stock

$20.00 per share

This is our initial public offering and no public market currently exists for our common stock. Our common stock has been approved for listing on the New York Stock Exchange under the symbol "GEG."

The selling stockholders have granted the underwriters an option to purchase a maximum of 1,102,500 additional shares to cover over-allotments.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" ON PAGE 6.

	PER SHARE	TOTAL
Price to public....................................	$20.00	$147,000,000
Underwriting discounts and commissions..............	$ 1.40	$ 10,290,000
Proceeds to Global Power Equipment Group, before expenses..	$18.60	$136,710,000

Delivery of the shares of common stock will be made on or about May 23, 2001.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

CREDIT SUISSE FIRST BOSTON SALOMON SMITH BARNEY

DEUTSCHE BANC ALEX. BROWN RAYMOND JAMES

The date of this prospectus is May 17, 2001.

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[Inside front cover art on a fold-out page: Graphic of our logo and combined-cycle power plant with the labels "Exhaust Silencer," "Inlet Ductwork," "Inlet Silencer," "Exhaust Ductwork," and "Pre-Cab Assembly," positioned around the graphic and attached by bar lines to the parts of the graphic that the labels describe. The graphic and labels will be encircled with photographs of the following components and assemblies we manufacture which are attached by connectors to the specific part of the graphic that they are representative of:

- Exhaust Stack;

- Filter House;

- Gas Turbine Enclosure;

- Diverter Damper; and

- HRSG.

Below each photograph will be the text above identifying the component or assembly.]

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS PROSPECTUS MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SECURITIES. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE OF THIS PROSPECTUS.

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UNTIL JUNE 11, 2001 (25 DAYS AFTER THE COMMENCEMENT OF THE OFFERING), ALL DEALERS THAT EFFECT TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE DEALER'S OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS AN UNDERWRITER AND WITH RESPECT TO UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

PROSPECTUS SUMMARY

This summary may not contain all of the information that may be important to you. You should read the entire prospectus, including our consolidated financial statements and related notes, before making an investment decision.

GLOBAL POWER EQUIPMENT GROUP INC.

We are a global designer, engineer and manufacturer of a comprehensive portfolio of equipment for gas turbine power plants, with over 30 years of power generation industry experience. We believe that we are a leader in our industry, offer one of the broadest ranges of gas turbine power plant equipment in the world and hold the number one or number two market position by sales in a majority of our product lines. Our equipment is installed in power plants in more than 30 countries on six continents and we believe that we have one of the largest installed bases of gas turbine power plant equipment in the world. In addition, we provide our customers with value-added services including engineering, retrofit and upgrade, and maintenance and repair.

According to the Energy Information Administration, or EIA, U.S. demand for electricity has increased substantially since 1990, while generating capacity has remained relatively flat. To correct this imbalance, the EIA estimates that 1,300 new power generation plants with approximately 390 gigawatts of electrical generation capacity will be needed in the United States by 2020. Internationally, the International Energy Agency, or IEA, estimates that significant new capacity is necessary to keep pace with worldwide demand, which is expanding at more than twice the rate of U.S. demand. Of the various power generation alternatives, gas turbine technology is well-positioned to benefit from the need for new and more efficient power generation infrastructure. Based on IEA projections, approximately 90% of new U.S. generation capacity and approximately 51% of new generation capacity outside the United States, net of retirements, through 2020 will employ gas turbine technology.

We sell our products to the gas turbine power generation market, the fastest growing segment of the power generation industry. Our products are critical to the efficient operation of gas turbine power plants and are highly engineered to meet customer-specific requirements. Our products include:

- heat recovery steam generators;

- filter houses;

- inlet systems;

- gas and steam turbine enclosures;

- exhaust systems;

- diverter dampers; and

- specialty boilers and related products.

We market and sell our products globally under the Deltak, Braden and Consolidated Fabricators brand names through our worldwide sales network.

We believe that our design and engineering capabilities differentiate us from our competitors. In addition, our network of exclusive subcontractors, located throughout 30 countries, allows us to manufacture equipment for power plant projects worldwide at competitive prices. Our subcontractors also enable us to meet increasing demand without being restricted by manufacturing capacity limitations, thus limiting our capital expenditure requirements. By providing high-quality products on a timely basis and offering a broad range of equipment, we have forged long-standing relationships with the leading power industry participants, including General Electric, Mitsubishi Heavy Industries, Siemens-Westinghouse, Bechtel and Duke Power.

Our revenues have grown from $142.7 million in fiscal year 1997 to $416.6 million in fiscal year 2000, representing a compound annual growth rate of 42.9%. To continue this growth and maximize shareholder value, we will continue to pursue the following objectives:

- expand our leading market position in the high-growth U.S. market;

- leverage our presence in the emerging international power markets;

- pursue strategic acquisitions which will increase our market share in existing product lines, broaden our overall product offering and expand our geographic reach; and

- leverage our design and engineering capabilities to expand our product lines and to capture a larger share of our customers' total equipment purchases.

BACKGROUND

On June 5, 1998, GEEG Holdings, L.L.C. acquired Jason Incorporated's power generation division. In August 2000, investment entities controlled by Harvest Partners, Inc. acquired a controlling interest in GEEG Holdings, L.L.C. through a recapitalization of the company. This recapitalization resulted in the entities controlled by Harvest Partners, Inc. owning 81.5% of the outstanding equity interests in GEEG Holdings, L.L.C. and having a majority of the votes on its board of directors. For additional information on this transaction, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

In October 2000, GEEG Holdings, L.L.C. acquired CFI Holdings, Inc., including its subsidiary, Consolidated Fabricators, Inc.

Immediately prior to the completion of this offering, GEEG Holdings, L.L.C. will complete a reorganization. As part of this reorganization, the holders of common and preferred membership units of GEEG Holdings, L.L.C. will exchange their units for shares of our common stock and GEEG Holdings, L.L.C. will merge into us, Global Power Equipment Group Inc. As a result, we will be the successor to GEEG Holdings, L.L.C. For additional information on the reorganization, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- The Reorganization Transaction."

Unless this prospectus indicates otherwise or the context otherwise requires, the terms "we," "our," "us" and "Global Power Equipment Group," as used in this prospectus refer to (1) the power generation division of Jason Incorporated for periods prior to June 5, 1998; (2) GEEG Holdings, L.L.C. and its subsidiaries for the period from June 5, 1998 until completion of the reorganization; and (3) Global Power Equipment Group Inc. and its subsidiaries after the reorganization.

Our fiscal year ends on the last Saturday in December. As a result, references in this prospectus to fiscal year 1998 refer to the fiscal year ended December 26, 1998, references to fiscal year 1999 refer to the fiscal year ended December 25, 1999, references to fiscal year 2000 refer to the fiscal year ended December 30, 2000, references to first quarter of fiscal year 2000 refer to the three months ended March 25, 2000 and references to first quarter of fiscal year 2001 refer to the three months ended March 31, 2001. References in this prospectus to results of operations for fiscal year 1998 refer to the combined results of (1) Jason Incorporated's power generation division for the period from December 27, 1997 through June 4, 1998 and (2) GEEG Holdings, L.L.C. from June 5, 1998 through December 26, 1998.

Our principal executive offices are located at 6120 South Yale, Suite 1480, Tulsa, Oklahoma 74136. Our telephone number at that location is (918) 488-0828.

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THE OFFERING

Common stock offered..........	7,350,000 shares
Total common stock to be outstanding after this offering(1).................	43,953,340 shares
Use of proceeds...............	The net proceeds of this offering will be used to repay existing indebtedness, to pay a distribution in an aggregate amount equal to the accrued and unpaid dividends on the preferred units of GEEG Holdings, L.L.C. and for general corporate purposes. See "Use of Proceeds."
NYSE symbol...................	GEG

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(1) This amount excludes 2,921,356 shares of common stock issuable upon exercise of options outstanding as of March 31, 2001.

All trademarks and tradenames appearing in this prospectus are owned by their respective holders.

Unless otherwise stated, the information in this prospectus assumes:

- no exercise of the underwriters' option to purchase up to an additional 1,102,500 shares of common stock to cover over-allotments; and

- completion of the reorganization described in "Management's Discussion and Analysis of Financial Condition and Results of Operations -- The Reorganization Transaction."

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth certain summary historical and pro forma consolidated financial data for us and our predecessor for the periods and as of the dates indicated. The financial data has been derived from our consolidated financial statements and those of our predecessor, Jason Incorporated's power generation division. The pro forma data gives effect to the transactions described under "Unaudited Pro Forma Condensed Consolidated Financial Statements." The historical and pro forma data should be read together with the historical consolidated financial statements and related notes and the unaudited pro forma condensed consolidated financial statements and related notes included elsewhere in this prospectus.

	HISTORICAL	HISTORICAL		
	PREDECESSOR			
	DECEMBER 27, 1997 THROUGH JUNE 4, 1998	JUNE 5 THROUGH DECEMBER 26, 1998	FISCAL YEAR 1999	FISCAL YEAR 2000
	(IN THOUSANDS, EXCEPT EARNINGS PER SHARE DATA)			
STATEMENTS OF OPERATIONS DATA:				
Revenues	$60,881	$98,363	$275,199	$416,591
Cost of sales	48,529	80,283	226,051	345,688
Gross profit	12,352	18,080	49,148	70,903
Selling and administrative expenses	8,787	10,825	23,166	27,045
Recapitalization charge(1)	--	--	--	38,114
Amortization expense	787	727	1,100	1,250
Operating income	2,778	6,528	24,882	4,494
Interest expense, net	439	2,966	3,410	12,175
Income (loss) before income taxes and extraordinary item	2,339	3,562	21,472	(7,681)
Income tax provision (benefit)	996	176	1,087	(433)
Income (loss) before extraordinary item	$ 1,343	$ 3,386	$ 20,385	$ (7,248)(4)
PER SHARE DATA(2):				
Earnings per share:				
Basic				
Diluted				
Weighted average shares outstanding:				
Basic				
Diluted				
OTHER FINANCIAL DATA:				
EBITDA, as adjusted(3)		$ 8,172	$ 27,660	$ 46,079
Depreciation and amortization		1,851	3,126	4,311

Capital expenditures....	1,065	2,375	2,187
Net cash provided by (used in):			
Operating activities...	7,514	39,466	24,789
Investing activities...	(1,065)	1,393	(19,840)
Financing activities...	(213)	(39,469)	10,246

	PRO FORMA AS ADJUSTED FISCAL YEAR 2000(5)	HISTORICAL THREE MONTHS ENDED MARCH 25, 2000	HISTORICAL THREE MONTHS ENDED MARCH 31, 2001	PRO FORMA AS ADJUSTED THREE MONTHS ENDED MARCH 31, 2001(5)
	(IN THOUSANDS, EXCEPT EARNINGS PER SHARE DATA)			
STATEMENTS OF OPERATIONS DATA:				
Revenues................	$447,851	$111,083	$156,170	$156,170
Cost of sales...........	369,135	92,606	129,756	129,756
Gross profit...........	78,716	18,477	26,414	26,414
Selling and administrative expenses..............	30,159	5,935	8,533	8,533
Recapitalization charge(1).............	--	--	--	--
Amortization expense....	1,745	259	397	397
Operating income.......	46,812	12,283	17,484	17,484
Interest expense, net...	11,589	791	6,392	2,884
Income (loss) before income taxes and extraordinary item...	35,223	11,492	11,092	14,600
Income tax provision (benefit).............	13,576	117	931	5,694
Income (loss) before extraordinary item...	$ 21,647	$ 11,375	$ 10,161	$ 8,906
PER SHARE DATA(2):				
Earnings per share:				
Basic.................	$ 0.50			$ 0.21
Diluted...............	$ 0.49			$ 0.20
Weighted average shares outstanding:				
Basic.................	43,053			43,053
Diluted...............	44,265			44,728
OTHER FINANCIAL DATA:				
EBITDA, as adjusted(3)...........	$ 52,198	$ 13,096	$ 18,638	$ 18,638
Depreciation and amortization..........	6,784	901	1,518	1,518
Capital expenditures....	2,301	979	7,170	7,170
Net cash provided by (used in):				

Operating activities...	19,652	(1,328)
Investing activities...	(979)	(7,170)
Financing activities...	(253)	(9,895)

	AS OF MARCH 31, 2001	
	ACTUAL	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)	
BALANCE SHEET DATA:		
Working capital(6)	$(30,904)	$(13,122)
Property, plant and equipment, net	25,898	25,898
Goodwill(7)	45,482	45,482
Total assets	228,195	327,154
Total debt	210,431	105,268
Members' deficit	(152,324)	--
Stockholders' equity	--	56,580

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(1) In fiscal year 2000, we incurred a non-recurring recapitalization charge associated with the cancellation of options outstanding as of the closing date of the August 2000 recapitalization.

(2) Basic and diluted weighted average common units/shares outstanding include 6,450,000 of the 7,350,000 shares issued in this offering because the related proceeds will be used to pay down debt and pay dividends. The remaining 900,000 shares are not included because the related proceeds will be used for general corporate purposes.

(3) EBITDA, as adjusted, represents income (loss) before extraordinary item, interest, taxes, depreciation, amortization and recapitalization charge. EBITDA, as adjusted, is presented because we believe that it is frequently used by security analysts in the evaluation of companies. EBITDA, as adjusted, should not be considered as an alternative to cash flow from operating activities, as a measure of liquidity, as an alternative to net income, as an indicator of operating performance, or as an alternative to any other measure of performance in accordance with generally accepted accounting principles. Our EBITDA, before adjusting for the recapitalization charge, was $8.0 million for fiscal year 2000.

(4) Extraordinary item represents a $1.5 million loss on extinguishment of debt in August 2000.

(5) Does not include an extraordinary loss of approximately $7.5 million ($12.3 million less the associated tax benefit of $4.8 million) resulting from the write-off of deferred financing costs and debt discount as well as prepayment premiums relating to the repayment of long-term debt. This amount will be charged to earnings in the quarter in which the debt is repaid. We anticipate repaying the debt in the second quarter of fiscal year 2001.

(6) Working capital represents current assets (excluding cash and cash equivalents) less current liabilities (excluding current maturities of

long-term debt).

(7) Goodwill represents the costs of acquisitions in excess of the fair value of the net assets acquired and is amortized using the straight-line method over 30 years.

RISK FACTORS

You should carefully consider the following risk factors and other information appearing in this prospectus before buying our common stock.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

SUBSTANTIALLY ALL OF OUR REVENUES ARE FROM SALES OF EQUIPMENT FOR GAS TURBINE POWER PLANTS. IF CONSTRUCTION OF NEW GAS TURBINE POWER PLANTS WERE TO DECLINE, THE MARKET FOR OUR PRODUCTS WOULD BE SIGNIFICANTLY DIMINISHED.

The demand for our products and services depends on the continued construction of gas turbine power generation plants. In fiscal year 2000, approximately 91% of our revenues, and in the first quarter of fiscal year 2001, approximately 82% of our revenues, were from sales of equipment and provision of services for gas turbine power plants. The power generation equipment industry has experienced cyclical periods of slow growth or decline. In periods of decreased demand for new gas turbine power plants, our customers may be more likely to decrease expenditures on the types of products and systems that we supply and, as a result, our sales may decrease. In addition, the gas turbine power industry depends on natural gas. A rise in the price or shortage of natural gas could reduce the profitability of gas turbine power plants, which could adversely affect our sales.

Environmental laws and regulations have played a part in the increased use of gas turbine technology in various jurisdictions. These laws and regulations may change or other jurisdictions may not adopt similar laws and regulations. Changes in existing laws and regulations could result in a reduction in the building and refurbishment of gas turbine power plants. In addition, stricter environmental regulation could result in our customers seeking new ways of generating electricity that do not require the use of our products. Furthermore, although gas turbine power plants have lower emissions than coal-fired power plants, emissions from gas turbine power plants remain a concern and attempts to reduce or regulate emissions could increase the cost of gas turbine power plants and result in our customers' switching to alternative sources of power.

Other current power technologies, improvements to these technologies and new alternative power technologies that compete or may compete in the future with gas turbine power plants could affect our sales and profitability. Furthermore, in fiscal year 2000, approximately 53% of our revenues, and in the first quarter of fiscal year 2001, approximately 41% of our revenues, were from sales of heat recovery equipment used in combined-cycle power plants. Any change in the power generation industry which results in a decline in the construction of new combined-cycle power plants or a decline in the upgrading of existing simple-cycle power plants to combined-cycle ones could materially adversely affect our sales.

Because some of our contracts stipulate that customer progress payments be made in advance of work performed, increases in overall sales volume typically allow us to finance our business through these payments. Conversely, a prolonged decline in our revenues could impair this ability.

A SMALL NUMBER OF MAJOR CUSTOMERS ACCOUNT FOR A SIGNIFICANT PORTION OF OUR

REVENUES, AND THE LOSS OF ANY OF THESE CUSTOMERS COULD HARM US.

We depend on a relatively small number of customers for a significant portion of our revenues. In fiscal year 1998, two customers each represented more than 10% of our revenues. In fiscal year 1999, three customers each represented more than 10% of our revenues. In fiscal year 2000, two customers each represented more than 10% of our revenues. Of these two customers, one represented approximately 31% of our revenues and approximately 25% of our backlog at the end of the year, while the other represented approximately 22% of our revenues and approximately 14% of our backlog at the end of the year. In addition, our five largest customers accounted for approximately 75% of our revenues in fiscal year 2000 and approximately 66% of our backlog at the end of the year. Other than their obligations under firm orders placed in our backlog, none of our customers has a long-term contractual obligation to purchase any material amounts of products from us. All of our firm orders contain cancellation provisions which permit

us to recover only our costs and a portion of our anticipated profit in the event a customer cancels its order. If a customer elects to cancel, we may not realize the full amount of revenues included in our backlog. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenues. Because our major customers represent a large part of our business, the loss of any of our major customers could negatively impact our business.

IF OUR COSTS EXCEED THE ESTIMATES WE USE TO SET THE FIXED PRICES OF OUR CONTRACTS, OUR EARNINGS WILL BE REDUCED.

We enter into all of our contracts on a fixed-price basis. As a result, we benefit from cost savings, but have limited ability to recover for any cost overruns. The costs that we incur in connection with each contract can vary, sometimes substantially, from our original projections. Because of the large scale and long duration of our contracts, unanticipated changes may occur, such as customer budget decisions, design changes, delays in receiving permits and cost increases, that may delay delivery of our products. In addition, under our contracts, we often are subject to liquidated damages for late delivery.

Unanticipated cost increases or delays may occur as a result of several factors, including:

- increases in the cost, or shortages, of components, materials or labor;

- unanticipated technical problems;

- required project modifications not initiated by the customer; and

- suppliers' or subcontractors' failure to perform.

Cost overruns that we cannot pass on to our customers or the payment of liquidated damages under our contracts will lower our earnings.

COMPETITION COULD RESULT IN DECREASED SALES OR DECREASED PRICES FOR OUR PRODUCTS AND SERVICES.

Our products face and will continue to face significant competition. Competition could result in a reduction in the demand for, or the prices that we can charge for, our products and services. Our success is dependent in large part on our ability to:

- anticipate or respond quickly to our customers' needs and enhance and upgrade our existing products and services to meet those needs;

- continue to price our products and services competitively and find low cost subcontractors that can produce quality products; and

- develop new products and systems that are accepted by our customers and differentiated from our competitors' offerings.

Our competitors may:

- develop more desirable, efficient, environmentally friendly or less expensive products;

- be willing to accept lower prices to protect strategic marketing positions or increase market share;

- be better able to take advantage of acquisition opportunities; or

- adapt more quickly to changes in customer requirements.

As a result of our competitors' business practices, we may need to lower our prices or devote significant resources to marketing our products in order to remain competitive. Lower prices or higher costs would reduce our revenues and our profitability.

IF WE ARE UNABLE TO CONTROL THE QUALITY OR TIMELY PRODUCTION OF PRODUCTS MANUFACTURED FOR US BY SUBCONTRACTORS, OUR REPUTATION COULD BE ADVERSELY AFFECTED AND WE COULD LOSE CUSTOMERS. IF WE ARE UNABLE TO RECOVER ANY ADVANCE PROGRESS PAYMENTS MADE TO SUBCONTRACTORS, OUR PROFITABILITY WOULD BE ADVERSELY AFFECTED.

We rely on subcontractors to manufacture and assemble a substantial portion of our products. In fiscal year 2000, we estimate that subcontractors accounted for approximately 70% of our manufacturing costs. Although we have on-site supervision of our subcontractors to review and monitor their quality control systems, the quality and timing of their production is not totally under our control. Our subcontractors may not always meet the level of quality control and the delivery schedules required by our customers. The failure of our subcontractors to produce quality products in a timely manner could adversely affect our reputation and result in the cancellation of orders for our products and the loss of customers.

Furthermore, we make advance progress payments to subcontractors in anticipation of their completion of our orders. In the event a subcontractor fails to complete an order, we may be unable to recover those advances.

INVESTORS MAY NOT BE ABLE TO PROJECT OUR FUTURE REVENUES BASED UPON THE DOLLAR AMOUNT OF OUR BACKLOG.

Customers may cancel or delay projects for reasons beyond our control and we may be unable to replace any canceled orders with new orders. To the extent projects were delayed, the timing of our revenues could be affected. If a customer cancels an order, we may be reimbursed for incurred costs. Typically, however, we have no contractual right to the full amount of the revenues that we would have received if the order had not been canceled, which potential revenues are reflected in our backlog. In addition, projects may remain in our backlog for extended periods of time. Revenue recognition occurs over long periods of time and is subject to unanticipated delays. Fluctuations in our quarterly backlog levels also result from the fact that we may receive a small number of relatively large orders in any given quarter that may be included in our backlog. Because of these large orders, our backlog in that quarter may reach levels that may not be sustained in subsequent quarters. Our backlog, therefore, is not necessarily indicative of our future revenues.

IT MAY BE DIFFICULT FOR INVESTORS TO EVALUATE OUR PROSPECTS AND FOR US TO ESTIMATE OUR FUTURE REVENUES AND PROFITS BECAUSE OUR FINANCIAL PERFORMANCE MAY VARY SIGNIFICANTLY FROM QUARTER TO QUARTER.

Our quarterly revenues and earnings have varied in the past and are likely to vary in the future. Our contracts stipulate customer-specific delivery terms which, coupled with other factors beyond our control that may occur at any time over a contract cycle of up to a year or more, may result in uneven realization of revenues and earnings over time. Due to our large average contract size, our sales volume during any given period may be concentrated in relatively few orders, intensifying the magnitude of these irregularities. Consequently our quarterly performance may not be indicative of our success in achieving year-over-year growth objectives. Furthermore, some of our operating costs are fixed. As a result, we may have limited ability to reduce our operating costs in response to unanticipated decreases in our revenues or the demand for our products in any given quarter. Therefore, our operating results in any quarter may not be indicative of our future performance, and it may be difficult for you to evaluate our prospects. In addition, because we must make significant estimates related to potential charges when we recognize revenue on a percentage completion basis, we may have difficulty accurately estimating revenues and profits from quarter to quarter.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS IS COSTLY, AND OUR ONGOING OPERATIONS MAY EXPOSE US TO ENVIRONMENTAL LIABILITIES.

Our operations are subject to laws and regulations governing the discharge of materials into the environment or otherwise relating to the protection of the environment or human health. These laws include U.S. federal statutes such as the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 or CERCLA, the

Clean Water Act and the Clean Air Act, and the regulations implementing them, as well as similar laws and regulations at the state and local levels and in other countries in which we operate.

If we fail to comply with environmental laws or regulations, we may be subject to significant liabilities for fines, penalties or damages, or lose or be denied significant operating permits. In addition, some environmental laws, including CERCLA, impose liability for the costs of investigating and remediating releases of hazardous substances without regard to fault and on a joint and several basis, so that in some circumstances we may be liable for costs attributable to hazardous substances released into the environment by others. Moreover, the environmental laws and regulations to which we are subject are constantly changing, and we cannot predict the effect of these changes on us.

A MALFUNCTION IN OUR PRODUCTS COULD RESULT IN UNANTICIPATED WARRANTY COSTS OR PRODUCT LIABILITY NOT COVERED BY OUR INSURANCE WHICH COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION OR RESULTS OF OPERATIONS.

We provide warranties for terms of two years or less on our products. These warranties require us to repair or replace faulty products. Warranty claims could result in significant unanticipated costs. The need to repair or replace products with design or manufacturing defects could also temporarily delay the sale of new products and adversely affect our reputation.

In addition, we may be subject to product liability claims involving claims of personal injury or property damage. Because our products are used primarily in power plants, claims could arise in different contexts, including the following:

- fires, explosions and power surges that can result in significant property damage or personal injury; and

- equipment failure that can result in damage to other equipment in the power plant.

If a very large product liability claim were sustained, our insurance coverage might not be adequate to cover our defense costs and the amount awarded. Additionally, a well-publicized actual or perceived problem could adversely affect our reputation and reduce demand for our products.

IF WE ARE UNABLE TO PROTECT THE PROPRIETARY DESIGN SOFTWARE PROGRAMS THAT WE USE IN OUR BUSINESS AND THIRD PARTIES USED THEM TO DEVELOP PRODUCTS TO COMPETE AGAINST OURS, OUR REVENUES WOULD BE ADVERSELY AFFECTED.

We have developed several proprietary software programs to help us design our products. Our ability to protect our proprietary rights to these programs is important to our success. We protect these rights through the use of internal controls and confidentiality and non-disclosure agreements and other legal protections. The legal protections afforded to our proprietary rights and the precautions taken by our company may not be adequate to prevent misappropriation of our proprietary rights. We generally enter into non-disclosure and confidentiality agreements with our employees and subcontractors with access to sensitive design software and technology. However, these contractual protections do not prevent independent third-parties from developing functionally equivalent or superior technologies, programs, products or professional services. Third parties may also infringe upon or misappropriate our proprietary rights and use them to develop competing products. If we were required to commence legal actions to enforce our intellectual property or proprietary rights or to defend ourselves against claims that we are infringing on the intellectual property or proprietary rights of others, we could incur substantial costs and divert management's attention from operations.

THE LOSS OF THE SERVICES OF OUR KEY EXECUTIVE OFFICERS COULD HAVE A NEGATIVE EFFECT ON OUR BUSINESS.

Our success depends to a significant extent on the continued services of Larry Edwards, our president and chief executive officer, and Gary Obermiller and Gene Schockemoehl, two of our senior executives. Our failure to retain the services of Messrs. Edwards, Obermiller or Schockemoehl, or attract highly qualified management in the future, could adversely affect our ability to grow and manage our operations. Although we have employment agreements containing non-competition clauses with Messrs. Edwards, Obermiller and Schockemoehl, courts are sometimes reluctant to enforce these agreements. In addition,

although we carry key man life insurance for Messrs. Edwards, Obermiller and Schockemoehl, the loss of their services could disrupt our operations.

OUR INABILITY TO ATTRACT AND RETAIN EMPLOYEES WHO FILL KEY REQUIREMENTS OF OUR BUSINESS MAY MAKE IT DIFFICULT TO SUSTAIN OR EXPAND OUR OPERATIONS.

We must attract and retain highly qualified experienced mechanical, design, structural and software engineers, service technicians, marketing and sales personnel and other key personnel to expand our operations. If we are unable to attract and retain necessary personnel, we may not be able to sustain or expand our operations.

WE MAY NOT BE ABLE TO MAINTAIN OR EXPAND OUR BUSINESS OUTSIDE THE UNITED STATES BECAUSE OF NUMEROUS FACTORS OUTSIDE OUR CONTROL.

Our business outside the United States is subject to risks from:

- labor unrest;
- regional economic uncertainty;
- political instability;
- restrictions on the transfer of funds into or out of a country;
- currency exchange rate fluctuations;
- export duties and quotas;
- expropriations;
- domestic and foreign customs and tariffs;
- current and changing regulatory environments; and
- potentially adverse tax consequences.

These factors may result in a decline in revenues or profitability and could adversely affect our ability to expand our business outside the United States.

IF WE WERE REQUIRED TO WRITE-OFF OR ACCELERATE THE AMORTIZATION OF OUR GOODWILL, OUR RESULTS OF OPERATIONS AND STOCKHOLDERS' EQUITY COULD BE MATERIALLY ADVERSELY AFFECTED.

As a result of our June 1998 acquisition of the power generation division of Jason Incorporated and our October 2000 acquisition of CFI Holdings, Inc. and its subsidiaries, we have approximately $45.5 million of goodwill recorded on our consolidated balance sheet as of March 31, 2001. We are amortizing the goodwill on a straight-line basis over 30 years. The amount of goodwill that we amortize in any given year is treated as a charge against earnings under accounting principles generally accepted in the United States. If we were required to write-off our goodwill or accelerate the amortization of our goodwill, our results of operations and stockholders' equity could be materially adversely affected.

RISKS RELATED TO OUR COMMON STOCK

HARVEST PARTNERS, INC. AND ITS AFFILIATES WILL CONTINUE TO HAVE SIGNIFICANT INFLUENCE OVER OUR BUSINESS AFTER THIS OFFERING AND THEY MAY NOT ACT IN A MANNER FAVORABLE TO OUR OTHER STOCKHOLDERS.

Upon completion of this offering, affiliates of Harvest Partners, Inc. will hold in the aggregate approximately 30.5% of our outstanding common stock. If the underwriters' over-allotment is exercised in full, these affiliates will hold approximately 29.6% of our outstanding common stock. In addition, two of the directors that will serve on our board following this offering are representatives of Harvest Partners, Inc. After this offering, Harvest Partners, Inc. and its affiliates will continue to have a significant influence over all matters submitted to our stockholders, including the election of our directors, and will continue to

exercise significant influence over our business, policies and affairs. Such concentration of voting power could have the effect of delaying, deterring or preventing a change of control of our company or other business combination that might otherwise be beneficial to stockholders.

PROVISIONS IN OUR CERTIFICATE OF INCORPORATION AND BY-LAWS COULD PREVENT CHANGES IN OUR STRUCTURE OR CONTROL THAT OUR STOCKHOLDERS MAY PREFER.

We will have authorized but unissued shares of preferred stock which may be issued by the board of directors with rights, preferences and designations as the board may determine without any vote of the stockholders. We will also have a classified board of directors. Furthermore, our by-laws will (1) eliminate the ability of stockholders to act by written consent; (2) require that special meetings of stockholders may only be called by holders of more than 35% of our common stock; and (3) set forth advance notice requirements that stockholders must meet before submitting proposals to be considered at stockholder meetings. These measures may have the effect of delaying, deterring or preventing a change in our control. In addition, "anti-takeover" provisions of the Delaware General Corporation Law may restrict the ability of our stockholders to authorize a merger, business combination or change of control.

YOU WILL PAY A PRICE FOR SHARES OF COMMON STOCK THAT WAS NOT ESTABLISHED IN A COMPETITIVE MARKET AND THE PRICE THAT PREVAILS IN THE MARKET MAY BE LOWER.

Before this offering, there has been no public market for our common stock. Our common stock has been approved for trading on the New York Stock Exchange. After this offering, an active trading market for our common stock might not develop or continue, which could negatively affect the market price of our common stock.

The market price of our common stock may decline below the initial public offering price. The initial public offering price for our common stock has been determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. Furthermore, a prolonged decline in the market price of our common stock could adversely affect our efforts to retain qualified employees if the prevailing market price of our common stock remains below the exercise price of employee stock options.

In addition, the market price for our common stock may be subject to wide fluctuations as a result of a variety of factors, including:

- announcements of technological or competitive developments by third parties;

- changes in estimates of our financial performance by securities analysts or changes in recommendations by securities analysts regarding us; and

- changes in investor perceptions of the industry or any of our particular products or service.

Because of this volatility, it is likely we will fail to meet the expectations of our stockholders at some time in the future, resulting in a decline in our stock price.

FUTURE SALES BY EXISTING STOCKHOLDERS COULD DEPRESS THE MARKET PRICE OF OUR

COMMON STOCK.

Immediately after this offering there will be a total of 43,953,340 shares of common stock outstanding. The shares of common stock held by substantially all of our existing stockholders are subject to "lock-up" agreements that prohibit them from selling their shares in the public market for 180 days after the date of this prospectus. When the 180-day "lock-up" period expires or if Credit Suisse First Boston Corporation and Salomon Smith Barney Inc. consent, in their sole discretion, to an earlier sale, our existing stockholders will be able to sell their shares in the public market, subject to some legal restrictions. If our existing stockholders were to sell a large number of shares, the market price of shares of our common stock could decline dramatically. Moreover, the perception in the public market that these stockholders might sell shares of common stock could depress the market price of the common stock.

Furthermore, some of our existing stockholders have the right to require us to register their shares in future offerings, which may facilitate their sales of shares in the public market.

IF OUTSTANDING OR FUTURE OPTIONS ARE EXERCISED, OR IF WE ISSUE ADDITIONAL COMMON STOCK AT PRICES LOWER THAN THE INITIAL OFFERING PRICE, YOU WILL EXPERIENCE DILUTION IN THE NET TANGIBLE BOOK VALUE OF YOUR COMMON STOCK.

As a purchaser of our common stock in this offering, you will incur immediate and substantial dilution in the net tangible book value per ordinary share of $19.25 from the price you pay for our common stock. Additionally, your ownership interest will be further diluted if outstanding or future options to purchase our common stock are exercised, or if we issue additional common stock at prices lower than the initial offering price in connection with acquisitions or for other purposes.

WE ANTICIPATE THAT THE COVENANTS CONTAINED IN OUR AMENDED AND RESTATED CREDIT FACILITY WILL LIMIT OUR ABILITY TO BORROW ADDITIONAL MONEY, SELL ASSETS AND MAKE ACQUISITIONS. COMPLIANCE WITH THESE RESTRICTIONS AND COVENANTS MAY LIMIT OUR ABILITY TO IMPLEMENT ELEMENTS OF OUR BUSINESS STRATEGY.

We anticipate that our amended and restated senior credit facility will contain a number of significant restrictions and covenants limiting our ability and that of our subsidiaries to:

- borrow more money or make capital expenditures;

- incur liens;

- pay dividends or make other restricted payments;

- merge or sell assets;

- enter into transactions with affiliates; and

- make acquisitions.

In addition, we anticipate that our amended and restated senior credit facility will contain other restrictive covenants, including covenants that will require us to maintain specified financial ratios, including leverage, interest and fixed charge ratios and mandatory repayment provisions that will require us to repay our indebtedness with proceeds from certain asset sales, certain debt issuances and certain insurance casualty events. If we are unable to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, restructure or refinance our indebtedness or seek additional equity capital. Also, compliance with the restrictive covenants of our amended and restated credit agreement may limit our ability to operate our business or implement elements of our business strategy.

OUR CERTIFICATE OF INCORPORATION AUTHORIZES OUR BOARD OF DIRECTORS, WITHOUT STOCKHOLDER APPROVAL, TO ISSUE PREFERRED STOCK WHICH MAY HAVE RIGHTS, POWERS AND PREFERENCES MORE FAVORABLE THAN THAT OF OUR COMMON STOCK.

Our board of directors may determine the rights, preferences, privileges and restrictions of unissued series of preferred stock without any vote or authorization by our stockholders. Therefore, the board can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. In addition, the issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of our company, because the terms of the preferred stock that might be issued could potentially prohibit our consummation of any merger, reorganization, sale of substantially all of our assets, liquidation or other extraordinary corporate transaction without the approval of our preferred stockholders.

WE ARE EXPOSED TO MARKET RISKS FROM CHANGES IN INTEREST AND FOREIGN CURRENCY EXCHANGE AND THE CONVERSION BY EUROPEAN UNION NATIONS TO THE EURO CURRENCY.

We are subject to market risks from changes in interest rates. We anticipate that our amended and restated senior credit facility will bear interest, at our option, at either the eurodollar rate or an alternate base rate plus, in each case, an applicable margin. Assuming our current level of borrowings, a 100 basis point increase in interest rates under these borrowings would increase our interest expense for fiscal year 2000 by approximately $1.5 million without taking into account our interest rate collar agreement.

We are also subject to market risks from fluctuations in foreign currency rates and the anticipated conversion by several European Union members from local currencies to the use of the euro. Portions of our operations are located in foreign jurisdictions and a portion of our billings are paid in foreign currencies. Changes in foreign currency exchange rates or weak economic conditions in foreign markets could therefore cause fluctuations in those revenues derived from foreign operations. In addition, sales of products and services are affected by the value of the U.S. dollar relative to other currencies. Furthermore, the long-term affect of the conversion to the use of the euro on our accounting, treasury and computer systems, as well as its effect on trade competition and our foreign operating subsidiaries, is uncertain.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements." These forward-looking statements include, in particular, the statements about our plans, strategies, and prospects under the headings "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business." Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we may not achieve our plans, intentions or expectations.

Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth in "Risk Factors" and elsewhere in this prospectus. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in "Risk Factors," in which we have disclosed the material risks related to our business and this offering. These forward-looking statements involve risks and uncertainties, and the cautionary statements identify important factors that could cause actual results to differ materially from those predicted in any forward-looking statements.

USE OF PROCEEDS

We expect that the net proceeds from the sale of our common stock in this offering will be approximately $133.8 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us. These amounts assume the sale of all of our common stock offered by this prospectus.

We intend to use the net proceeds of this offering as follows:

- approximately $85.4 million to repay a portion of our senior term loans;

- approximately $25.5 million to repay a portion of our senior subordinated loan and to pay related prepayment premiums;

- approximately $6.6 million to make a distribution on the preferred units of GEEG Holdings, L.L.C. in an aggregate amount equal to the accrued and unpaid dividends on those units; and

- the balance of approximately $16.3 million for general corporate purposes.

Of the $6.6 million distribution on the preferred units, $3.0 million will be paid to our affiliates. Affiliates of Harvest Partners, Inc. will receive $2.4 million and members of our management and our directors will receive in the aggregate $0.6 million.

As of March 31, 2001, our outstanding senior term loans bore interest at rates ranging from 8.34% to 9.09% per annum and consisted of (1) a $27.7 million term A loan maturing in July 2006; (2) a $103.8 million term B loan maturing in July 2008; and (3) a $13.9 million term C loan maturing in July 2006. Our senior subordinated loan has an outstanding principal amount of $67.5 million, matures in August 2010 and bears interest at the rate of 13.5% per annum. The amounts borrowed under the term A loan, the term B loan and the senior subordinated loan financed a portion of the August 2000 recapitalization. We used the term C loan to partially fund the acquisition of CFI Holdings, Inc. in October 2000.

We intend to refinance any remaining balances on our senior term loans after the application of the net proceeds of this offering using the proceeds of a new loan under an amended and restated senior credit facility. Pending application of the net proceeds as described above, we intend to invest the net proceeds in short-term, investment-grade, interest-bearing securities.

We will not receive any proceeds from the sale of our common stock, if any, by the selling stockholders upon the exercise of the underwriters' over-allotment option.

DIVIDEND POLICY

We intend to retain future earnings for use in our business and do not anticipate declaring or paying any dividends on shares of our common stock in the foreseeable future. In addition, any determination to declare and pay dividends will be made by our board of directors in light of our earnings, financial position, capital requirements, contractual restrictions of any future financing instruments and any other factors as the board of directors deems relevant. Our senior subordinated loan restricts and we anticipate that our amended and restated senior credit facility will restrict our ability to pay dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" for a discussion of restrictions on our ability to pay dividends.

DILUTION

Purchasers of the common stock offered by this prospectus will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the initial public offering price paid by the purchasers of the shares of common stock in this offering will exceed the pro forma net tangible book value per share of common stock after this offering. The pro forma net tangible book value per share of common stock is determined by subtracting pro forma total liabilities from the pro forma tangible assets and dividing the difference by the pro forma number of shares of common stock deemed to be outstanding on the date the book value is determined. The number of shares used in this calculation and otherwise in this section give effect to the reorganization transaction as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations -- The Reorganization Transaction" and assume the exercise of all options held by officers. As of March 31, 2001, our pro forma net tangible book value would have been a deficit of $99.9 million, or $(2.64) per share. After giving effect to the estimated net proceeds from the sale by us of 7,350,000 shares, our pro forma tangible book value as of March 31, 2001 would have been $33.9 million, or $0.75 per share. This represents an immediate increase in pro forma net tangible book value to existing stockholders prior to the closing of this offering of $3.39 per share and an immediate dilution to new investors of $19.25 per share. The following table illustrates this per share dilution:

		PER SHARE
Initial public offering price		$20.00
Pro forma net tangible book value before this offering	$(2.64)	
Increase in pro forma net tangible book value attributable to this offering	3.39	
Pro forma net tangible book value after this offering		0.75
Dilution to new investors		$19.25

The following table summarizes, on a pro forma basis as of March 31, 2001, the number of shares of common stock purchased from us, the estimated value of the total consideration paid for or attributed to this common stock, and the average price per share paid by or attributable to existing stockholders along with the exercise of all options held by officers and the new investors purchasing shares in this offering at an initial offering price of $20.00 per share, before deducting underwriting discounts and commissions and estimated offering expenses.

	SHARES OF COMMON STOCK HELD		TOTAL CASH CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders, assuming exercise of all options held by officers...	37,836,202	84%	$112,558,024	43%	$ 2.97
New investors................	7,350,000	16	147,000,000	57	20.00
Total.............	45,186,202	100%	$259,558,024	100%	

The discussion and tables above include the assumed exercise of options to purchase 1,232,862 shares of common stock held by officers at March 31, 2001 and exclude options outstanding at March 31, 2001, not held by officers, to purchase a total of 1,688,494 shares of common stock with a weighted average exercise price of $0.36 per share. To the extent these options are exercised, new investors will experience further dilution.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2001 on:

- an actual basis;

- a pro forma basis giving effect to our planned reorganization; and

- a pro forma as adjusted basis to reflect (1) this offering and our use of the net proceeds and (2) the refinancing of our senior term loans, including the application of available cash.

The table should be read together with "Use of Proceeds," the audited historical consolidated financial statements and the related notes which are included elsewhere in this prospectus, "Unaudited Pro Forma Condensed Consolidated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	AT MARCH 31, 2001		
	ACTUAL	PRO FORMA	PRO FORM AS ADJUST
		(IN THOUSANDS)	
Cash and cash equivalents............................	$ 7,915	$ 7,915	$ 22,713
Long-term debt, including current maturities:			
Senior term loans..................................	$ 145,368	$ 145,368	$ 60,000
Senior subordinated loan, net of discount...........	59,386	59,386	39,591
Other..	5,677	5,677	5,677
Total long-term debt, including current			

maturities	210,431	210,431	105,268
Members' deficit	(152,324)	--	--
Stockholders' equity			
Preferred stock	--	--	--
Common stock	--	366	440
Additional paid-in capital deficit	--	(152,690)	(24,380
Retained earnings	--	88,000	80,520
Total stockholders' equity (deficit)	--	(64,324)	56,580
Total capitalization	$ 58,107	$ 146,107	$161,848

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated interim financial statements are based on the historical financial statements of GEEG Holdings, L.L.C. included elsewhere in this prospectus, adjusted to give effect to the following transactions, which we refer to as the "Transactions":

- the reorganization in connection with this offering;

- the refinancing of our senior term loans under our amended and restated senior credit facility; and

- consummation of this offering and the use of the net proceeds as described under "Use of Proceeds."

In addition, the unaudited pro forma consolidated statement of income (loss) for fiscal year 2000 is based on the historical financial statements of GEEG Holdings, L.L.C. included elsewhere in this prospectus, adjusted to give effect to the Transactions, the August 2000 recapitalization and the acquisition of CFI Holdings, Inc. in October 2000.

The unaudited pro forma consolidated statements of income (loss) for the three months ended March 31, 2001 and for fiscal year 2000 give effect to the pro forma adjustments discussed above as if they had occurred as of December 31, 2000 and December 26, 1999, respectively, and the unaudited pro forma condensed consolidated balance sheet gives effect to the Transactions as if they had occurred as of March 31, 2001. The Transactions, the August 2000 recapitalization and the CFI acquisition are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview," "-- The Reorganization Transaction" and "-- Liquidity and Capital Resources" and the related adjustments are described in the notes below. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable. The pro forma condensed consolidated financial statements do not purport to represent what our results of operations or financial condition would actually have been had the Transactions, the August 2000 recapitalization and the CFI acquisition in fact occurred on the dates provided above or to project our results of operations or financial condition for any subsequent period or at any subsequent date. The pro forma condensed consolidated financial statements should be read in conjunction with our audited historical consolidated financial statements and related notes included elsewhere in this prospectus.

The acquisition of CFI Holdings, Inc. has been accounted for using the purchase method of accounting. The total purchase price of the acquisition has been allocated to our tangible and intangible assets and liabilities based upon their respective fair values. The allocation of the aggregate purchase price included in the pro forma condensed consolidated financial statements is preliminary as we believe further refinement is impractical to perform at this time. However, we do not expect the final allocation of the purchase price to materially differ from the preliminary allocation set forth below.

The unaudited pro forma consolidated statements of income (loss) does not include an extraordinary loss of approximately $7.5 million ($12.3 million less the associated income tax benefit of $4.8 million) resulting from the write-off of deferred financing costs and debt discount, as well as prepayment premiums relating to the repayment of long-term debt. This amount will be charged to earnings in the quarter in which the long-term debt is repaid. We anticipate repaying the debt in the second quarter of fiscal year 2001.

The unaudited pro forma consolidated statements of income (loss) also does not give effect to an $88.0 million increase in net income (loss) before extraordinary item that will result from our change from a limited liability company, a non-taxable entity, to a C-corporation, a taxable entity. The unaudited pro forma consolidated statement of income (loss) also does not give effect to an approximate $0.5 million ($0.8 million less the associated income tax benefit of $0.3 million) decrease in net income (loss) before extraordinary item that will result from the immediate vesting of certain options which were granted at exercise prices which were deemed less than fair value at the date of grant. The accelerated vesting will have no net impact on total stockholders' equity included within the unaudited pro forma condensed consolidated balance sheet.

UNAUDITED PRO FORMA INTERIM CONSOLIDATED STATEMENT OF INCOME

	FOR THE THREE MONTHS ENDED MARCH 31, 2001				
	ACTUAL	REORGANIZATION ADJUSTMENTS	PRO FORMA	OFFERING ADJUSTMENTS	PRO AS AD
	(IN THOUSANDS, EXCEPT INCOME PER COMMON UNIT/SHARE DATA)				
Revenues........................	$156,170	$ --	$156,170	$ --	$156
Cost of sales...................	129,756	--	129,756	--	129
Gross profit..................	26,414	--	26,414	--	26
Selling and administrative expenses......................	8,533	--	8,533	--	8
Recapitalization charge.........			--	--	
Amortization expense............	397	--	397	--	
Operating income..............	17,484		17,484	--	17
Interest expense, net...........	6,392		6,392	(3,508)(4)	2
Income before income taxes and extraordinary item.........	11,092		11,092	3,508	14
Income tax provision............	931	3,395(2)	4,326	1,368(5)	5
Income before extraordinary item.........................	$ 10,161	$(3,395)	$ 6,766	$ 2,140	$ 8

Income before extraordinary item per common unit/share					
Basic	$ 7.24(1)		$ 0.18(3)		$
Diluted	$ 6.65(1)		$ 0.18(3)		$
Weighted average common units/shares outstanding					
Basic	1,122		36,603(3)		43
Diluted	1,221		38,278(3)		44

See "Notes to Unaudited Pro Forma Interim Consolidated Statement of Income" on the following page.

NOTES TO UNAUDITED PRO FORMA INTERIM CONSOLIDATED STATEMENT OF INCOME

(1) Calculated by dividing net income before extraordinary item after adjusting for preferred dividends by the weighted-average number of common units outstanding during the period. Preferred dividends were $2.0 million for the three months ended March 31, 2001.

(2) Reflects the income tax provision for the three months ended March 31, 2001 actual results of operations as if we were a C-corporation.

(3) Reflects the exchange of the common and preferred units for shares of common stock in the reorganization.

(4) Reflects interest expense adjustments as follows:

Interest expense on the new $60.0 million senior term loan incurred in the refinancing at an assumed weighted average interest rate of 6%	$ 900,000
Amortization of deferred financing costs related to the new senior term loan	77,500
Historical interest expense on debt repaid as a part of this offering and the refinancing, including amortization of related deferred financing costs	(4,485,500)
Total	$(3,508,000)

(5) Reflects the income tax effect of the offering adjustments at an assumed effective income tax rate of 39%.

(6) Basic and diluted weighted average common units/shares outstanding include 6,450,000 of the 7,350,000 shares issued in this offering because the related proceeds will be used to pay down debt and pay dividends. The remaining 900,000 shares are not included because the related proceeds will be used for general corporate purposes.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS)

	FISCAL YEAR 2000				
	ACTUAL	CFI HISTORICAL(2)	CFI ACQUISITION ADJUSTMENTS	REORGANIZATION/ RECAPITALIZATION ADJUSTMENTS	PRO FORMA
	(IN THOUSANDS, EXCEPT INCOME PER COMMON UNIT/SHAR				
Revenues................	$416,591	$31,260	$ --	$ --	$447,851
Cost of sales...........	345,688	22,954	493(3)	--	369,135
Gross profit..........	70,903	8,306	(493)	--	78,716
Selling and administrative expenses..............	27,045	3,114	--	--	30,159
Recapitalization charge................	38,114	--	--	(38,114)(5)	--
Amortization expense....	1,250	30	465(3)	--	1,745
Operating income......	4,494	5,162	(958)	38,114	46,812
Interest expense, net...	12,175	398	1,543(4)	12,077(6)	26,193
Income (loss) before income taxes and extraordinary item................	(7,681)	4,764	(2,501)	26,037	20,619
Income tax provision (benefit)............	(433)	1,664	(961)	10,180(7) (2,570)(8)	7,880
Income (loss) before extraordinary item..................	$ (7,248)	$ 3,100	$(1,540)	$ 18,427	$ 12,739
Income (loss) before extraordinary item per common unit/share					
Basic.................	$ (0.77)(1)				$ 0.35(9)
Diluted..............	$ (0.77)(1)				$ 0.34(9)
Weighted average common units/shares outstanding					
Basic.................	13,814				36,603(9)
Diluted..............	13,814				37,815(9)

See "Notes to Unaudited Pro Forma Consolidated Statement of Income (Loss)" on the following page.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME (LOSS)

(1) Calculated by dividing net income (loss) before extraordinary item after adjusting for preferred dividends by the weighted-average number of common units outstanding during the period. Extraordinary item consists of a $1.5 million loss on extinguishment of debt in fiscal year 2000. Preferred dividends were $3.4 million in fiscal year 2000.

(2) Represents the actual results of operations of CFI Holdings, Inc. from December 26, 1999, the first day of fiscal year 2000, through October 31, 2000, the date of acquisition.

(3) Reflects purchase accounting adjustments associated with the CFI acquisition and the resulting additional depreciation and amortization expense.

(4) Reflects the incremental interest expense resulting from $15.0 million of borrowings incurred at an interest rate of 9.74%, and a $5.5 million note issued at an interest rate of 10.0%, to finance the CFI acquisition and the retirement of $2.7 million of existing debt of CFI Holdings, Inc. at an assumed interest rate of approximately 9%.

(5) Eliminates the non-recurring recapitalization charge associated with the cancellation of options in connection with the August 2000 recapitalization.

(6) Reflects the incremental interest expense resulting from $207.5 million of borrowings at an assumed weighted-average interest rate of 11.36% to finance the August 2000 recapitalization and the retirement of $15.0 million of existing debt at an interest rate of 13%.

(7) Reflects the income tax effect of the August 2000 recapitalization adjustments at an assumed effective income tax rate of 39%.

(8) Reflects the income tax provision for fiscal year 2000 actual results of operations as if we were a C-corporation.

(9) Reflects the exchange of the common and preferred units for shares of common stock in the reorganization.

(10) Reflects interest expense adjustments as follows:

Interest expense on the new $60.0 million senior term loan incurred in the refinancing at an assumed weighted average interest rate of 6%....................................	$ 3,600,000
Amortization of deferred financing costs related to the new senior term loan..	310,000
Historical interest expense on debt repaid as a part of this offering and the refinancing, including amortization of related deferred financing costs.........................	(18,514,000)
Total...	$(14,604,000)

(11) Reflects the income tax effect of the offering adjustments at an assumed effective income tax rate of 39%.

(12) Basic and diluted weighted average common units/shares outstanding include 6,450,000 of the 7,350,000 shares issued in this offering because the related proceeds will be used to pay down debt and pay dividends. The remaining 900,000 shares are not included because the related proceeds will

be used for general corporate purposes.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

	AT MARCH 31, 2001			
	ACTUAL	REORGANIZATION ADJUSTMENTS	PRO FORMA	OFFERING ADJUSTMENTS
		(IN THOUSANDS)		
Current assets				
Cash and cash equivalents.......	$ 7,915	$ --	$ 7,915	$ 14,798(3
Accounts receivable, net........	78,401	--	78,401	--
Inventories.....................	11,211	--	11,211	--
Costs and estimated earnings in excess of billings...........	47,920	--	47,920	--
Other current assets...........	1,652	13,000(1)	14,652	--
Total current assets.....	147,099	13,000	160,099	14,798
Property, plant and equipment, net...........................	25,898	--	25,898	--
Goodwill.........................	45,482	--	45,482	--
Other assets.....................	9,716	75,000(1)	84,716	(3,839)(
Total assets............	$ 228,195	$ 88,000	$316,195	$ 10,959
Current liabilities				
Current maturities of long-term debt.........................	$ 3,767	$ --	$ 3,767	$ 5,233(5
Accounts payable...............	25,461	--	25,461	--
Accrued expenses...............	17,932	--	17,932	(4,782)(
Billings in excess of costs and estimated earnings...........	120,202	--	120,202	--
Other current liabilities.......	6,493	--	6,493	--
Total current liabilities...........	173,855	--	173,855	451
Long-term debt, net of current maturities.....................	206,664	--	206,664	(110,396)(
Members' equity (deficit).........	(152,324)	152,324(2)	--	--
Stockholders' equity (deficit)....	--	88,000(1) (152,324)(2)	(64,324)	(7,480)(128,384(7
Total liabilities and equity................	$ 228,195	$ 88,000	$316,195	$ 10,959

See "Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet" on the following page.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

(1) Gives effect to the recording of deferred taxes in connection with the reorganization and resulting change from a non-taxable to a taxable entity. Prior to the reorganization, we will continue to be a non-taxable limited liability company. As a limited liability company, all federal income tax liabilities are the responsibility of individual investors. When the reorganization occurs and the limited liability company structure is converted to a C-corporation, all deferred tax assets and liabilities become our responsibility. At March 31, 2001, approximately $88.0 million of net deferred tax assets are the responsibility of the individual investors. The reorganization would result in an $88.0 million increase in our total assets along with a corresponding increase in net income and stockholders' equity.

(2) Reflects the exchange of members' equity for stockholders' equity in connection with the reorganization.

(3) Sources and uses of cash from this offering and the refinancing are as follows:

Net proceeds from this offering	$ 133,810,000
Borrowings under our amended and restated senior credit facility	32,268,000
Repayment of debt and related expenditures	(145,854,000)
Preferred unit dividends (at March 31, 2001)	(5,426,000)
Net adjustment to cash	$ 14,798,000

(4) Reflects the write-off of $5.1 million of deferred financing costs associated with the repayment of debt and the capitalization of new deferred financing costs of $1.2 million related to the refinancing under our amended and restated credit facility.

(5) Reflects the repayment of senior term and senior subordinated loans with the proceeds of this offering and borrowings under the amended and restated senior credit facility.

(6) Reflects the extraordinary loss of approximately $7.5 million ($12.3 million less the associated income tax benefit of $4.8 million) resulting from the write-off of deferred financing costs and debt discount, as well as prepayment premiums relating to the repayment of long-term debt.

(7) To give effect to the receipt of the proceeds from this offering of $147.0 million, net of estimated fees and expenses of $13.2 million. Also gives effect to a $5.4 million distribution on the preferred units of GEEG Holdings, L.L.C. in an aggregate amount equal to the accrued and unpaid dividends on those units through March 31, 2001.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected historical consolidated financial data of GEEG Holdings, L.L.C. and its predecessor for periods and as of the dates indicated. The financial data of GEEG Holdings, L.L.C.'s predecessor for the fiscal years ended December 27, 1996 and December 26, 1997 has been derived from unaudited consolidated financial statements of the predecessor, which are not included in this prospectus. The financial data for GEEG Holdings, L.L.C.'s predecessor for the period from December 27, 1997 through June 4, 1998 has been derived from audited consolidated financial statements of the predecessor, which are included elsewhere in this prospectus. The financial data for GEEG Holdings, L.L.C. for the period from June 5, 1998 through December 26, 1998 and fiscal year 1999 and fiscal year 2000 has been derived from audited consolidated financial statements of GEEG Holdings, L.L.C., which are included elsewhere in this prospectus. The interim consolidated financial data as of and for the three months ended March 25, 2000 and March 31, 2001 is derived from the unaudited consolidated financial statements of GEEG Holdings, LLC, which are included elsewhere in this prospectus. The financial data set forth in the following table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes.

	PREDECESSOR			
	YEAR ENDED		PERIOD FROM DECEMBER 27, 1997 TO JUNE 4, 1998	PERIOD FROM JUNE 5 TO DECEMBER 26, 1998
	DECEMBER 27, 1996	DECEMBER 26, 1997		
	(IN THOUSANDS, EXCEPT EARNINGS PER COMMON UNIT DATA)			
RESULTS OF OPERATION DATA:				
Revenues	$151,730	$142,714	$60,881	$98,363
Cost of sales	131,482	118,674	48,529	80,283
Gross profit	20,248	24,040	12,352	18,080
Selling and administrative expenses	16,355	18,070	8,787	10,825
Recapitalization charge(1)	--	--	--	--
Amortization expense	1,824	1,783	787	727
Operating income	2,069	4,187	2,778	6,528
Interest expense, net	2,229	1,215	439	2,966
Income (loss) before income taxes and extraordinary item	(160)	2,972	2,339	3,562
Income tax provision (benefit)	(62)	1,159	996	176
Income (loss) before extraordinary item	(98)	1,813	1,343	3,386
Extraordinary loss from extinguishment of debt	--	--	--	--
Net income (loss)	$ (98)	$ 1,813	$ 1,343	$ 3,386
PER COMMON UNIT DATA(2):				
Earnings (loss) before extraordinary item per common unit:				
Basic				$ 0.14
Diluted				$ 0.11
Weighted average common units outstanding:				
Basic				21,320
Diluted				26,384

	FISCAL YEAR 1999	FISCAL YEAR 2000	THREE MONTHS ENDED MARCH 25, 2000	THREE MONTHS ENDED MARCH 31, 2001
	(IN THOUSANDS, EXCEPT EARNINGS PER COMMON UNIT DATA)			
RESULTS OF OPERATION DATA:				
Revenues.........................	$275,199	$416,591	$111,083	$156,170
Cost of sales....................	226,051	345,688	92,606	129,756
Gross profit..................	49,148	70,903	18,477	26,414
Selling and administrative expenses......................	23,166	27,045	5,935	8,533
Recapitalization charge(1).......	--	38,114	--	--
Amortization expense.............	1,100	1,250	259	397
Operating income...............	24,882	4,494	12,283	17,484
Interest expense, net............	3,410	12,175	791	6,392
Income (loss) before income taxes and extraordinary item........................	21,472	(7,681)	11,492	11,092
Income tax provision (benefit)...	1,087	(433)	117	931
Income (loss) before extraordinary item.............	20,385	(7,248)	11,375	10,161
Extraordinary loss from extinguishment of debt.......	--	(1,536)	--	--
Net income (loss)................	$ 20,385	$ (8,784)	$ 11,375	$ 10,161
PER COMMON UNIT DATA(2):				
Earnings (loss) before extraordinary item per common unit:				
Basic.........................	$ 0.89	$ (0.77)	$ 0.50	$ 7.24
Diluted.......................	$ 0.71	$ (0.77)	$ 0.40	$ 6.65
Weighted average common units outstanding:				
Basic.........................	22,526	13,814	22,526	1,122
Diluted.......................	28,029	13,814	28,383	1,221

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	PREDECESSOR			
	YEAR ENDED		PERIOD FROM DECEMBER 27, 1997 TO JUNE 4, 1998	PERIOD FROM JUNE 5 TO DECEMBER 26, 1998
	DECEMBER 27, 1996	DECEMBER 26, 1997		
	(IN THOUSANDS, EXCEPT EARNINGS PER COMMON UNIT DATA)			

OTHER FINANCIAL DATA:				
EBITDA, as adjusted(3)..........				$ 8,172
Depreciation and amortization....				1,851
Capital expenditures............				1,065
Net cash provided by (used in):				
Operating activities..........				$ 7,514
Investing activities..........				(1,065)
Financing activities..........				(213)
BALANCE SHEET DATA (AT END OF PERIOD):				
Property, plant and equipment, net..........................	$ 10,917	$ 9,831	$ 9,356	$14,864
Total assets....................	126,777	129,965	136,486	109,316
Total debt......................	--	--	--	44,401

	FISCAL YEAR 1999	FISCAL YEAR 2000	THREE MONTHS ENDED MARCH 25, 2000	THREE MONTHS ENDED MARCH 31, 2001
	(IN THOUSANDS, EXCEPT EARNINGS PER COMMON UNIT DATA)			
OTHER FINANCIAL DATA:				
EBITDA, as adjusted(3)..........	$ 27,660	$ 46,079	$ 13,096	$ 18,638
Depreciation and amortization....	3,126	4,311	901	1,518
Capital expenditures............	2,375	2,187	979	7,170
Net cash provided by (used in):				
Operating activities..........	$ 39,466	$ 24,789	$ 19,652	$ (1,328)
Investing activities..........	1,393	(19,840)	(979)	(7,170)
Financing activities..........	(39,469)	10,246	(253)	(9,895)
BALANCE SHEET DATA (AT END OF PERIOD):				
Property, plant and equipment, net..........................	$ 15,071	$ 19,433	$ 15,496	$ 25,898
Total assets....................	131,493	245,693	190,072	228,195
Total debt......................	27,421	219,094	27,178	210,431

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(1) In fiscal year 2000, we incurred a non-recurring recapitalization charge associated with the cancellation of options outstanding as of the closing date of the August 2000 recapitalization.

(2) Income (loss) before extraordinary item per common unit is calculated by dividing income before extraordinary item after adjusting for preferred dividends by the weighted-average number of common units outstanding during each period. Preferred dividends were $0.4 million, $0.4 million and $3.4 million in the period from June 5, 1998 through December 26, 1998, fiscal year 1999 and fiscal year 2000, respectively, and $0 and $2.0 million for the three months ended March 25, 2000 and March 31, 2001, respectively.

(3) EBITDA, as adjusted, represents income (loss) before extraordinary item, interest, taxes, depreciation, amortization and recapitalization charge. EBITDA, as adjusted, is presented because we believe that it is frequently used by security analysts in the evaluation of companies. EBITDA, as adjusted, should not be considered as an alternative to cash flow from operating activities, as a measure of liquidity, as an alternative to net income, as an indicator or operating performance, or as an alternative to any other measure of performance in accordance with generally accepted

accounting principles. Our EBITDA, before adjusting for the recapitalization charge, was $8.0 million for fiscal year 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We design, engineer and fabricate a comprehensive portfolio of heat recovery and auxiliary power equipment and provide related services.

On May 13, 1998, GEEG Holdings, L.L.C. was formed as a Delaware limited liability company by the management of Jason Incorporated's power generation products division for the purpose of acquiring the division. In addition to the equity units issued to its management members, including Larry Edwards, Michael Hackner, Gene Schockemoehl, Gary Obermiller and James Wilson, all of whom are currently our executive officers, GEEG Holdings, L.L.C. issued equity units to Saw Mill Investments L.L.C. and SMC Power Holdings L.L.C., each an affiliate of Saw Mill Capital, L.L.C., and several other financial investors. On June 5, 1998, GEEG Holdings, L.L.C. acquired Jason Incorporated's power generation division, consisting of Braden Manufacturing L.L.C., Deltak L.L.C. and other subsidiaries.

In July 2000, the owners of GEEG Holdings, L.L.C. sought purchasers for the company, as a result of which, in August 2000, GEEG Acquisition Holdings Corp. and GEEG Acquisition Holdings, L.L.C., investment entities controlled by Harvest Partners, Inc., acquired control of GEEG Holdings, L.L.C. in a recapitalization transaction. Pursuant to the operating agreement of GEEG Holdings, L.L.C., the representatives of Harvest Partners, Inc. controlled a majority of the votes on the board of directors.

In addition, under the terms of the recapitalization that were negotiated between GEEG Holdings, L.L.C. and Harvest Partners, Inc.:

- GEEG Acquisition Holdings, L.L.C. and GEEG Acquisition Holdings Corp. contributed $82.0 million in cash and received equity interests in GEEG Holdings, L.L.C. representing an 81.5% voting interest, including equity interests issued in connection with the senior subordinated loan;

- existing investors, including Saw Mill Investments L.L.C., SMC Power Holdings L.L.C., Larry Edwards, Michael Hackner, Gene Schockemoehl, Gary Obermiller and James Wilson, received approximately $233 million in cash and escrow funds;

- members of management, including Larry Edwards, Michael Hackner, Gene Schockemoehl, Gary Obermiller and James Wilson, and several financial investors, including Saw Mill Investments L.L.C. and SMC Power Holdings L.L.C., retained an aggregate 18.5% equity investment in GEEG Holdings, L.L.C.; and

- officers, directors and employees of GEEG Holdings, L.L.C., including Larry Edwards, Michael Hackner, Gene Schockemoehl, Gary Obermiller and James Wilson, received approximately $38.1 million in cash in consideration for the cancellation of options.

GEEG Holdings, L.L.C. partially financed the recapitalization with $140.0 million of borrowings under a senior credit facility and a $67.5 million senior subordinated loan.

In October 2000, GEEG Holdings, L.L.C. acquired CFI Holdings, Inc. and its subsidiary, Consolidated Fabricators Inc., for $25.2 million. The purchase price consisted of (1) $15.2 million in cash and escrow funds, (2) $5.5 million in promissory notes, (3) $2.5 million in earn-out payments and (4) $2.0 million in equity interests in GEEG Holdings, L.L.C.

THE REORGANIZATION TRANSACTION

Prior to the completion of this offering, GEEG Holdings, L.L.C. will complete a reorganization, referred to in this prospectus as the reorganization transaction. The beneficial ownership of our common stock immediately after completion of the reorganization transaction, but prior to the closing of this offering, will be identical to the beneficial ownership of the common and preferred units of GEEG

Holdings, L.L.C. immediately before the reorganization transaction. As part of the reorganization transaction, the following will occur:

- GEEG Holdings, L.L.C. will declare a distribution on its preferred units in an aggregate amount equal to the accrued and unpaid dividend on those units to be paid from the proceeds of this offering;

- GEEG Holdings, L.L.C. will declare a distribution to its members on account of their remaining fiscal year 2001 tax liability to be paid out of available cash after completion of this offering once the amount of the tax liability is determined; and

- the holders of common and preferred units of GEEG Holdings, L.L.C. will exchange their units for shares of our common stock.

The common units of GEEG Holdings, L.L.C. will be converted into 31,558,501 shares of our common stock. Each preferred unit of GEEG Holdings, L.L.C. will be converted into the number of shares of our common stock equal to the liquidation preference of the preferred unit divided by the initial public offering price of a share of our common stock. All of the preferred units are convertible into 5,044,839 shares of our common stock. Upon completion of the reorganization transaction, (1) GEEG Holdings, L.L.C. will become our wholly-owned subsidiary and then will merge into us and (2) GEEG Acquisition Holdings Corp. and GEEG Acquisition Holdings L.L.C. intend to liquidate and distribute our common stock held by them to their equity holders as a result of which, after this offering, and assuming no exercise of the underwriters' overallotment option, the affiliates of Harvest Partners, Inc. will control 30.5% of our common stock.

In connection with the reorganization and this offering, we intend to refinance a portion of our outstanding indebtedness. We will use a portion of the net proceeds from this offering to repay a portion of our outstanding senior subordinated loan and a portion of our outstanding senior term loans. We intend to refinance any remaining balances on our senior term loans using the proceeds of a new loan under an amended and restated senior credit facility. For additional information, see "Use of Proceeds" and "--Liquidity and Capital Resources" below. We expect that this refinancing of our outstanding indebtedness will result in an approximate $7.0 million after-tax extraordinary loss from the write-off of deferred financing costs and debt discount, as well as prepayment premiums relating to the prepayment of long-term debt. This amount will be charged to earnings in the quarter in which the long-term debt is repaid.

In connection with the reorganization and this offering, in the fiscal quarter in which this offering is completed, we will incur an approximate $0.5

million after-tax expense from the immediate vesting of certain options which were granted at exercise prices which were deemed less than fair value at the date of grant.

RESULTS OF OPERATIONS

As a result of the transactions described above, our historical financial statements prior to June 5, 1998 are those of Jason Incorporated's power generation division, the predecessor of GEEG Holdings, L.L.C., and from June 5, 1998 are those of GEEG Holdings, L.L.C.

The table below represents the historical operating results of GEEG Holdings, L.L.C. and its predecessor for the three-year period ended December 30, 2000, as well as the fiscal quarters ended March 25, 2000 and March 31, 2001. The combined fiscal year 1998 results noted below represent the combination of the results of operations from (1) the power generation division of Jason Incorporated from December 26, 1997 through June 4, 1998 and (2) GEEG Holdings, L.L.C. from June 5, 1998 through December 26, 1998. The combined fiscal year 1998 results set forth below may not be indicative of the results that would have been realized had GEEG Holdings, L.L.C. owned Jason Incorporated's power generation division from December 26, 1997. The combined fiscal year 1998 results are not comparable to subsequent periods because the basis of accounting for the period after June 5, 1998 is different from the basis of accounting prior to June 5, 1998, as a result of purchase accounting adjustments made upon the acquisition of the power generation division. Nevertheless, although purchase accounting adjustments resulted in a different basis of accounting at GEEG Holdings, L.L.C. prior to June 5, 1998, these adjustments did not materially affect revenues or gross profit. We believe that a discussion of the results of

operations of fiscal year 1999 compared to fiscal year 1998 using the combined fiscal year 1998 is more meaningful to potential investors than a discussion using uncombined results for fiscal year 1998. As a result, the discussion below with respect to fiscal year 1998 is based upon the combined results for fiscal year 1998.

	PREDECESSOR					
	DECEMBER 27, 1997 THROUGH JUNE 4, 1998	JUNE 5, 1998 THROUGH DECEMBER 26, 1998	COMBINED FISCAL YEAR 1998	FISCAL YEAR 1999	FISCAL YEAR 2000	FI OF
				(IN THOUSANDS)		
Revenues.............	$60,881	$98,363	$159,244	$275,199	$416,591	
Cost of sales........	48,529	80,283	128,812	226,051	345,688	
Gross profit.......	12,352	18,080	30,432	49,148	70,903	
Selling and administrative expenses...........	8,787	10,825	19,612	23,166	27,045	
Recapitalization charge.............	--	--	--	--	38,114	
Amortization expense............	787	727	1,514	1,100	1,250	

Operating income...	2,778	6,528	9,306	24,882	4,494
Interest expense, net................	439	2,966	3,405	3,410	12,175
Income (loss) before income taxes and extraordinary item.............	2,339	3,562	5,901	21,472	(7,681)
Income tax provision (benefit)..........	996	176	1,172	1,087	(433)
Income (loss) before extraordinary item.............	$ 1,343	$ 3,386	$ 4,729	$ 20,385	$ (7,248)

The following information should be read in conjunction with our consolidated financial statements and notes and those of our predecessor included elsewhere in this prospectus. See notes to the audited historical consolidated financial statements included elsewhere in this prospectus for the income, assets and other information of our segments.

FIRST QUARTER OF FISCAL YEAR 2001 COMPARED TO FIRST QUARTER OF FISCAL YEAR 2000

Revenues

Revenues increased 40.6% to $156.2 million for the first quarter of fiscal year 2001 from $111.1 million for the first quarter of fiscal year 2000. This increase was primarily the result of larger multiple unit orders for HRSGs and a significant increase in the volume of auxiliary power equipment products sold. These increases in order size and volume were caused by the higher demand experienced overall in the gas turbine power generation equipment industry. Development of new gas turbine power plants continued to increase substantially in 2001, including a greater number of larger projects.

The following table sets forth our segment revenues for the first quarter of fiscal year 2000 and the first quarter of fiscal year 2001 (dollars in thousands):

	FIRST QUARTER OF FISCAL YEAR 2000	FIRST QUARTER OF FISCAL YEAR 2001	PERCENTAGE CHANGE
Heat recovery equipment segment:			
HRSGs..	$54,590	$63,486	16.3%
Specialty boilers...........................	12,838	29,391	128.9
Total segment.......................	$67,428	$92,877	37.7%
Auxiliary power equipment segment:			
Exhaust systems.............................	$26,678	$32,387	21.4%
Inlet systems...............................	15,508	15,614	0.7
Other..	1,469	15,292	941.0

Total segment	$43,655	$63,293	45.0%

The heat recovery equipment segment revenues increased 37.7% to $92.9 million for the first quarter of fiscal year 2001 compared to the first quarter of fiscal year 2000. Revenues for HRSGs increased 16.3% to $63.5 million. Although the volume of orders did not increase significantly, orders were much larger, on average, than in the previous year. This enabled us to recognize higher revenues compared to the first quarter of fiscal year 2000. Revenues for specialty boilers increased 128.9% to $29.4 million. This increase was due primarily to several larger, multiple unit orders, on which we were able to generate substantially increased revenues, as well as accelerated delivery requirements of our customers.

The auxiliary power equipment segment revenues increased 45.0% to $63.3 million for the first quarter of fiscal year 2001 compared to the first quarter of fiscal year 2000. Revenues for exhaust systems increased 21.4% to $32.4 million. This increase was due primarily to the increased volume of orders, resulting from the increased demand and our ability to handle increased orders through our use of subcontractors to manufacture products. Additional production capacity in Mexico contributed to our increased production and related revenues. Revenues for inlet systems increased by 0.7% to $15.6 million. Revenues for other equipment increased by 941.0% to $15.3 million. A total of $11.3 million of the increase was attributable to the inclusion in the first quarter of fiscal year 2001 of revenues from Consolidated Fabricators, Inc., which we acquired in October 2000. Our focus on the retrofit market, which has provided us with access to a broader customer base, also contributed to this increase.

The following table presents our revenues by geographic region (in millions):

	FIRST QUARTER OF FISCAL YEAR 2000	FIRST QUARTER OF FISCAL YEAR 2001
United States	$ 98.6	$144.0
Asia	6.1	2.7
Europe	3.4	4.2
Other	3.0	5.3
Total	$111.1	$156.2

Revenues in the United States comprised 92.2% of our total revenues for the first quarter of fiscal year 2001 and 88.7% for the first quarter of fiscal year 2000. Revenues in the United States increased 46.0% to $144.0 million for the first quarter of fiscal year 2001 compared to the first quarter of fiscal year 2000, primarily as a result of significant increases in the volume of products sold. This volume increase was primarily caused by the increase in demand experienced overall in the U.S. gas turbine power generation equipment industry. This increase in industry demand reflected the continued increase in demand for electricity and the lack of sufficient power generation facilities in the United States. Revenues

in Asia decreased by 55.7% to $2.7 million for the first quarter of fiscal year

2001 compared to the first quarter of fiscal year 2000, as a result of that region's economic instability and decline in power plant construction. Other revenues increased 76.7% to $5.3 million for the first quarter of fiscal year 2001 compared to the first quarter of fiscal year 2000, with slight increases in the volume of products sold, without any particular country contributing a significant amount.

Gross Profit

Gross profit increased 43.0% to $26.4 million for the first quarter of fiscal year 2001 from $18.5 million for first quarter of fiscal year 2000 as a result of the increase in our revenues. Gross profit as a percentage of revenues increased to 16.9% in the first quarter of fiscal year 2001 from 16.6% in the first quarter of fiscal year 2000. This increase is due primarily to the higher volume of specialty boiler revenues relative to our other product offerings. Specialty boilers typically generate a higher percentage of gross profit.

Selling and Administrative Expenses

Selling and administrative expenses increased 43.8% to $8.5 million for the first quarter of fiscal year 2001 from $5.9 million for the first quarter of fiscal year 2000. Of this increase, $1.0 million resulted from the hiring of additional sales and administrative personnel in connection with the continued growth of our business. The inclusion of selling and administrative expenses of Consolidated Fabricators, Inc. accounted for $0.9 million of the increase. As a percentage of revenues, selling and administrative expenses increased to 5.5% for the first quarter of fiscal year 2001 from 5.3% for the comparable period of fiscal year 2000.

Operating Income

Operating income increased to $17.5 million for the first quarter of fiscal year 2001 from $12.3 million in the first quarter of fiscal year 2000. The increase in revenues, and associated gross profit contributed to this increase in operating income.

Interest Expense, Net

Net interest expense increased to $6.4 million for the first quarter of fiscal year 2001 from $0.8 million for the first quarter of fiscal year 2000. This increase is due primarily to the additional borrowings incurred in connection with the August 2000 recapitalization.

Income Taxes

GEEG Holdings, L.L.C. and most of its operating subsidiaries are limited liability companies and have been treated as partnerships for income tax purposes. As a result, no income tax provision was made with respect to these entities for the first quarter of fiscal year 2001 or the first quarter of fiscal year 2000. However, because some of GEEG Holdings, L.L.C.'s subsidiaries are corporations, our historical consolidated financial statements reflect a small income tax provision.

As a result of the reorganization transaction, we will be subject to corporate federal and state income taxes. At the time of the reorganization transaction, we will record a deferred tax benefit and related deferred tax asset of approximately $88.0 million which primarily represents the excess tax basis over book basis related to the August 2000 recapitalization. For informational purposes, our consolidated statements of income for the first quarter of fiscal year 2001 and the first quarter of fiscal year 2000 include pro forma income on an after-tax basis assuming we had been taxed as a corporation since December 26, 1999. We did not have any net operating loss carryforwards at March 31, 2001.

FISCAL YEAR 2000 COMPARED TO FISCAL YEAR 1999

Revenues

Revenues increased 51.4% to $416.6 million for fiscal year 2000 from $275.2 million for fiscal year 1999. This increase is primarily the result of larger multiple unit orders for HRSGs and a significant increase in the volume of auxiliary power equipment products sold. These increases in order size and volume were caused by the higher demand experienced overall in the gas turbine power generation equipment industry. Development of gas turbine power plants continued to increase substantially in 2000 as the number and size of projects grew.

The following table sets forth our segment revenues for fiscal year 1999 and fiscal year 2000 (dollars in thousands):

	FISCAL YEAR 1999	FISCAL YEAR 2000	PERCENTAGE CHANGE
Heat recovery equipment segment:			
HRSGs	$134,036	$219,649	63.9%
Specialty boilers	51,538	38,995	(24.3)
Total segment	$185,574	$258,644	39.4%
Auxiliary power equipment segment:			
Exhaust systems	$ 54,722	$ 86,228	57.6%
Inlet systems	22,550	52,004	130.6
Other	12,353	19,715	59.6
Total segment	$ 89,625	$157,947	76.2%

The heat recovery equipment segment revenues increased 39.4% to $258.6 million for fiscal year 2000. Revenues for HRSGs increased 63.9% to $219.7 million. Although the volume of orders did not increase significantly, the size of the orders increased to allow us to recognize significantly higher revenues over the year. Revenues for specialty boilers decreased by 24.3%, to $39.0 million. This decrease is due primarily to the fact that fiscal year 1999 results included $21.8 million in revenues from one order delivered during that year.

The auxiliary power equipment segment revenues increased 76.2% to $157.9 million for fiscal year 2000. Revenues for exhaust systems increased by 57.6% to $86.2 million. This increase is due primarily to the increased volume of orders, combined with our ability to handle increased orders through our use of subcontractors to m