UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-34627

GENERAC HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-5654756**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
S45 W29290 Hwy 59, Waukesha, WI	**53189**
(Address of principal executive offices)	(Zip Code)

(262) 544-4811
(Registrant’s telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of November 2, 2015, there were 67,163,204 shares of registrant’s common stock outstanding.

GENERAC HOLDINGS INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Generac Holdings Inc.
Condensed Consolidated Balance Sheets
(U.S. Dollars in Thousands, Except Share and Per Share Data)

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 46,454	$ 189,761
Accounts receivable, less allowance for doubtful accounts	207,205	189,107
Inventories	362,268	319,385
Deferred income taxes	25,974	22,841
Prepaid expenses and other assets	12,467	9,384
Total current assets	654,368	730,478
Property and equipment, net	178,120	168,821
Customer lists, net	44,256	41,002
Patents, net	55,887	56,894
Other intangible assets, net	2,782	4,298
Trade names, net	208,951	182,684
Goodwill	668,122	635,565
Deferred financing costs, net	13,420	16,243
Deferred income taxes	10,640	46,509
Other assets	1,033	48
Total assets	$ 1,837,579	$ 1,882,542
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	$ 4,481	$ 5,359
Accounts payable	123,186	132,248
Accrued wages and employee benefits	17,258	17,544
Other accrued liabilities	79,759	84,814
Current portion of long-term borrowings and capital lease obligations	302	557
Total current liabilities	224,986	240,522
Long-term borrowings and capital lease obligations	1,050,127	1,082,101
Deferred income taxes	15,014	13,449
Other long-term liabilities	58,180	56,671
Total liabilities	1,348,307	1,392,743
Stockholders' equity:		
Common stock, par value $0.01, 500,000,000 shares authorized, 69,553,549 and 69,122,271 shares issued at September 30, 2015 and December 31, 2014, respectively	696	691
Additional paid-in capital	442,007	434,906
Treasury stock, at cost	(75,913)	(8,341)
Excess purchase price over predecessor basis	(202,116)	(202,116)
Retained earnings	348,991	280,426
Accumulated other comprehensive loss	(24,393)	(15,767)
Total stockholders' equity	489,272	489,799
Total liabilities and stockholders' equity	$ 1,837,579	$ 1,882,542

See notes to condensed consolidated financial statements.

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Generac Holdings Inc.
Condensed Consolidated Statements of Comprehensive Income
(U.S. Dollars in Thousands, Except Share and Per Share Data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Net sales	$ 359,291	$ 352,305	$ 959,469	$ 1,056,922
Costs of goods sold	228,965	222,022	630,643	679,113
Gross profit	130,326	130,283	328,826	377,809
Operating expenses:				
Selling and service	34,715	32,961	93,317	90,045
Research and development	8,332	7,822	24,907	23,580
General and administrative	13,127	13,429	40,897	39,080
Amortization of intangible assets	6,285	5,277	17,460	15,721
Gain on remeasurement of contingent consideration	–	–	–	(4,877)
Total operating expenses	62,459	59,489	176,581	163,549
Income from operations	67,867	70,794	152,245	214,260
Other (expense) income:				
Interest expense	(10,210)	(12,294)	(32,241)	(35,411)
Investment income	39	38	111	119
Loss on extinguishment of debt	–	(1,836)	(4,795)	(1,836)
Gain (loss) on change in contractual interest rate	(2,381)	–	(2,381)	16,014
Costs related to acquisitions	(153)	(396)	(153)	(396)
Other, net	(1,908)	(1,444)	(5,357)	(1,242)
Total other expense, net	(14,613)	(15,932)	(44,816)	(22,752)
Income before provision for income taxes	53,254	54,862	107,429	191,508
Provision for income taxes	19,218	18,365	38,864	66,285
Net income	$ 34,036	$ 36,497	$ 68,565	$ 125,223
Net income per common share - basic:	$ 0.50	$ 0.53	$ 1.00	$ 1.83
Weighted average common shares outstanding - basic:	68,175,466	68,556,051	68,642,479	68,511,409
Net income per common share - diluted:	$ 0.49	$ 0.52	$ 0.98	$ 1.79
Weighted average common shares outstanding - diluted:	69,182,465	70,033,224	69,781,300	70,050,953
Comprehensive income	$ 31,899	$ 35,472	$ 59,939	$ 122,474

See notes to condensed consolidated financial statements.

Generac Holdings Inc.
Condensed Consolidated Statements of Cash Flows
(U.S. Dollars in Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Operating Activities		
Net income	$ 68,565	$ 125,223
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,300	10,024
Amortization of intangible assets	17,460	15,721
Amortization of original issue discount	2,494	2,573
Amortization of deferred financing costs	1,874	2,272
Loss on extinguishment of debt	4,795	1,836
(Gain) loss on change in contractual interest rate	2,381	(16,014)
Gain on remeasurement of contingent consideration	–	(4,877)
Provision for losses on accounts receivable	324	344
Deferred income taxes	27,319	35,572
Loss on disposal of property and equipment	53	135
Share-based compensation expense	6,889	9,403
Net changes in operating assets and liabilities:		
Accounts receivable	(14,838)	(28,747)
Inventories	(28,319)	(9,501)
Other assets	572	2,768
Accounts payable	(12,226)	20,215
Accrued wages and employee benefits	(1,167)	(12,037)
Other accrued liabilities	(2,644)	(3,232)
Excess tax benefits from equity awards	(8,973)	(9,167)
Net cash provided by operating activities	76,859	142,511
Investing Activities		
Proceeds from sale of property and equipment	105	7
Expenditures for property and equipment	(20,108)	(22,722)
Acquisition of business	(74,477)	(5,309)
Net cash used in investing activities	(94,480)	(28,024)
Financing Activities		
Proceeds from short-term borrowings	14,320	4,900
Proceeds from long-term borrowings	100,000	–
Repayments of short-term borrowings	(15,198)	(24,741)
Repayments of long-term borrowings and capital lease obligations	(150,595)	(68,905)
Stock repurchases	(64,378)	–
Payment of debt issuance costs	(2,067)	(4)
Cash dividends paid	(1,429)	(705)
Taxes paid related to the net share settlement of equity awards	(12,387)	(10,255)
Excess tax benefits from equity awards	8,973	9,167
Proceeds from exercise of stock options	7	21
Net cash used in financing activities	(122,754)	(90,522)
Effect of exchange rate changes on cash and cash equivalents	(2,932)	(950)
Net (decrease) increase in cash and cash equivalents	(143,307)	23,015
Cash and cash equivalents at beginning of period	189,761	150,147
Cash and cash equivalents at end of period	$ 46,454	$ 173,162

See notes to condensed consolidated financial statements.

Generac Holdings Inc.
Notes to Condensed Consolidated Financial Statements
(U.S. Dollars in Thousands, Except Share and Per Share Data)
(Unaudited)

1. Description of Business and Basis of Presentation

Generac Holdings Inc. (the Company) is a leading designer and manufacturer of a wide range of power generation equipment and other engine powered products serving the residential, light-commercial, industrial, oil & gas, and construction markets. Generac's power products are available globally through a broad network of independent dealers, distributors, retailers, wholesalers and equipment rental companies, as well as sold direct to certain end user customers.

The Company has executed a number of acquisitions that support our strategic plan (as discussed in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2014). A summary of these acquisitions include the following:

- On October 3, 2011, the Company acquired substantially all of the assets of Magnum Products (Magnum), a supplier of generator powered light towers and mobile generators for a variety of industrial applications. The Magnum business is a strategic fit for the Company as it provides diversification through the introduction of new engine powered products, distribution channels and end markets.
- On December 8, 2012, the Company acquired the equity of Ottomotores UK and its affiliates (Ottomotores), with operations in Mexico City, Mexico and Curitiba, Brazil. Ottomotores is a leading manufacturer in the Mexican market for industrial diesel gensets and is a market participant throughout all of Latin America.
- On August 1, 2013, the Company acquired the equity of Tower Light SRL and its wholly-owned subsidiaries (Tower Light). Headquartered outside Milan, Italy, Tower Light is a leading developer and supplier of mobile light towers throughout Europe, the Middle East and Africa.
- On November 1, 2013, the Company purchased the assets of Baldor Electric Company's generator division (Baldor Generators). Baldor Generators offers a complete line of power generation equipment throughout North America with power output up to 2.5MW, which expands the Company's commercial and industrial product lines.
- On September 2, 2014, the Company acquired the equity of Pramac America LLC (Powermate), resulting in the ownership of the Powermate trade name and the right to license the DeWalt brand name for certain residential engine powered tools. This acquisition expands Generac's residential product portfolio in the portable generator category.
- On October 1, 2014, the Company acquired MAC, Inc. (MAC). MAC is a leading manufacturer of premium-grade commercial and industrial mobile heaters for the United States and Canadian markets. The acquisition expands the Company's portfolio of mobile power products and provides increased access to the oil & gas market.
- On August 1, 2015, the Company acquired Country Home Products and its subsidiaries (CHP). CHP is a leading manufacturer of high-quality, innovative, professional-grade engine powered equipment used in a wide variety of property maintenance applications, which are primarily sold in North America under the DR® Power Equipment brand. The acquisition provides an expanded product lineup and additional scale to the Company's residential engine powered products.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany amounts and transactions have been eliminated in consolidation. Certain prior period amounts in the condensed consolidated financial statements and notes thereto have been reclassified to conform to the current period's presentation.

The condensed consolidated balance sheet as of September 30, 2015, the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2015 and 2014, and the condensed consolidated statements of cash flows for the nine months ended September 30, 2015 and 2014 have been prepared by the Company and have not been audited. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for the fair presentation of the financial position, results of operation and cash flows, have been made. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The preparation of the condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This guidance is the culmination of the FASB's joint project with the International Accounting Standards Board to clarify the principles for recognizing revenue. The core principal of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step process that entities should follow in order to achieve that core principal. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 for an additional year, making the guidance effective for the Company in 2018. The guidance can be applied either on a full retrospective basis or on a retrospective basis in which the cumulative effect of initially applying the standard is recognized at the date of initial application. The Company is currently assessing the impact the adoption of this guidance will have on the Company's results of operations.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. This guidance is a part of the FASB's initiative to reduce complexity in accounting standards, and requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. The guidance should be applied on a retrospective basis, and is effective for the Company in 2016. The Company expects that this guidance will only affect the classification of debt issuance costs on its balance sheets and will have no impact on its results of operations.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations: Simplifying the Accounting for Measurement Period Adjustments*. This guidance eliminates the requirement for an acquirer to recognize measurement period adjustments retrospectively; rather an acquirer will recognize a measurement period adjustment during the period in which it determines the amount of the adjustment. The guidance should be applied on a prospective basis, and is effective for the Company in 2016, with early adoption permitted. The Company has early adopted this guidance; however, there is no impact on the Company's results of operations for the third quarter of 2015 as there were no material measurement period adjustments.

There are several other new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these other accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

2. Acquisitions

Acquisition of CHP

On August 1, 2015, the Company acquired CHP for a purchase price, net of cash and debt acquired, of $74,710. Headquartered in Vergennes, Vermont, CHP is a leading manufacturer of high-quality, innovative, professional-grade engine powered equipment used in a wide variety of property maintenance applications, with sales primarily in North America. The acquisition was funded solely through cash on hand.

The Company recorded a preliminary purchase price allocation during the third quarter of 2015 based upon its estimates of the fair value of the acquired assets and assumed liabilities. As a result, the Company recorded approximately $81,726 of intangible assets, including approximately $30,076 of goodwill, as of the acquisition date. The goodwill ascribed to this acquisition is not deductible for tax purposes. The accompanying condensed consolidated financial statements include the results of CHP from August 1, 2015 through September 30, 2015.

Acquisition of MAC

On October 1, 2014, a subsidiary of the Company acquired MAC for a purchase price, net of cash acquired, of $55,690. Headquartered in Bismarck, North Dakota, MAC is a leading manufacturer of premium-grade commercial and industrial mobile heaters within the United States and Canada. The acquisition was funded solely through cash on hand.

The Company recorded a preliminary purchase price allocation during the fourth quarter of 2014 based upon its estimates of the fair value of the acquired assets and assumed liabilities. As a result, the Company recorded approximately $49,378 of intangible assets, including approximately $25,898 of goodwill, as of the acquisition date. The purchase price allocation was finalized during the third quarter of 2015, resulting in a $4,229 decrease to total intangible assets, including an increase of $2,481 to goodwill. The goodwill ascribed to this acquisition is not deductible for tax purposes. The accompanying condensed consolidated financial statements include the results of MAC for the three and nine month periods ended September 30, 2015.

3. Derivative Instruments and Hedging Activities

The Company records all derivatives in accordance with Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*, which requires all derivative instruments be reported on the consolidated balance sheets at fair value and establishes criteria for designation and effectiveness of hedging relationships. The Company is exposed to market risk such as changes in commodity prices, foreign currencies and interest rates. The Company does not hold or issue derivative financial instruments for trading purposes.

Commodities

The primary objectives of the commodity risk management activities are to understand and mitigate the impact of potential price fluctuations on the Company's financial results and its economic well-being. While the Company's risk management objectives and strategies will be driven from an economic perspective, it attempts, where possible and practical, to ensure that the hedging strategies it engages in can be treated as "hedges" from an accounting perspective or otherwise result in accounting treatment where the earnings effect of the hedging instrument provides substantial offset (in the same period) to the earnings effect of the hedged item. Generally, these risk management transactions will involve the use of commodity derivatives to protect against exposure resulting from significant price fluctuations in raw materials.

The Company primarily utilizes commodity contracts with maturities of less than eighteen months. These are intended to offset the effect of price fluctuations on actual inventory purchases. At September 30, 2015, December 31, 2014 and September 30, 2014, the Company had three, three and two commodity contracts outstanding, respectively, covering the purchases of copper.

Because these contracts do not qualify for hedge accounting, the related gains and losses are recorded in cost of goods sold in the Company's condensed consolidated statements of comprehensive income. Net losses recognized for the three and nine months ended September 30, 2015 were $667 and $1,708, respectively. Net losses recognized for the three and nine months ended September 30, 2014 were $106 and $154, respectively.

Foreign Currencies

The Company is exposed to foreign currency exchange risk as a result of transactions denominated in other currencies. The Company periodically utilizes foreign currency forward purchase and sales contracts to manage the volatility associated with foreign currency purchases in the normal course of business. Contracts typically have maturities of twelve months or less. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Company had three, one and one foreign currency contracts outstanding, respectively.

Because these contracts do not qualify for hedge accounting, gains and losses are recorded in cost of goods sold in the Company's condensed consolidated statements of comprehensive income. Net losses recognized for the three and nine months ended September 30, 2015 were $107 and $465, respectively. Net losses recognized for the three and nine months ended September 30, 2014 were $93 and $190, respectively.

Interest Rate Swaps

On October 23, 2013, the Company entered into two interest rate swap agreements, and on May 19, 2014, the Company entered into an additional interest rate swap agreement. The Company formally documented all relationships between interest rate hedging instruments and the related hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions. These interest rate swap agreements qualify as cash flow hedges, and accordingly, the effective portions of the gains or losses are reported as a component of accumulated other comprehensive loss (AOCL). The cash flows of the swaps are recognized as adjustments to interest expense each period. The ineffective portions of the derivatives' changes in fair value, if any, are immediately recognized in earnings.

Fair Value

The following table presents the fair value of all of the Company's derivatives:

	September 30, 2015	December 31, 2014
Commodity contracts	$ (1,036)	$ (515)
Foreign currency contracts	(107)	(149)
Interest rate swaps	(4,415)	(1,045)

The fair value of the commodity and foreign currency contracts are included in other accrued liabilities, and the fair value of the interest rate swaps are included in other long-term liabilities in the condensed consolidated balance sheets as of September 30, 2015 and December 31, 2014. Excluding the impact of credit risk, the fair value of the derivative contracts as of September 30, 2015 and December 31, 2014 is a liability of $5,636 and $1,727, respectively, which represents the amount the Company would need to pay to exit the agreements on those dates.

The amount of losses recognized in AOCL in the condensed consolidated balance sheets on the effective portion of interest rate swaps designated as hedging instruments for the three and nine months ended September 30, 2015 were $1,065 and $2,071, respectively. The amount of (gains) losses for the three and nine months ended September 30, 2014 were $(989) and $719, respectively.

The amount of losses recognized in cost of goods sold in the condensed consolidated statements of comprehensive income for commodity and foreign currency contracts not designated as hedging instruments for the three and nine months ended September 30, 2015 were $774 and $2,173, respectively. The amount of losses for the three and nine months ended September 30, 2014 were $199 and $344, respectively.

4. Fair Value Measurements

ASC 820-10, *Fair Value Measurement*, defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring basis or nonrecurring basis. ASC 820-10 clarifies that fair value is an exit price, representing the amount that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the pronouncement establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company believes the carrying amount of its financial instruments (cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, short-term borrowings and ABL facility borrowings), excluding Term Loan long-term borrowings, approximates the fair value of these instruments based upon their short-term nature. The fair value of Term Loan long-term borrowings, including amounts classified as current, which have an aggregate carrying value of $936,646, was approximately $928,451 (Level 2) at September 30, 2015, as calculated based on independent valuations whose inputs and significant value drivers are observable.

For the fair value of the assets and liabilities measured on a recurring basis, see the fair value table in Note 3, “Derivative Instruments and Hedging Activities,” to the condensed consolidated financial statements. The fair value of all derivative contracts is classified as Level 2. The valuation techniques used to measure the fair value of derivative contracts, all of which have counterparties with high credit ratings, were based on quoted market prices or model driven valuations using significant inputs derived from or corroborated by observable market data. The fair value of derivative contracts above considers the Company’s credit risk in accordance with ASC 820-10.

5. Accumulated Other Comprehensive Loss

The following presents a tabular disclosure of changes in AOCL during the three and nine months ended September 30, 2015 and 2014, net of tax:

	Foreign Currency Translation Adjustments	Defined Benefit Pension Plan	Unrealized Loss on Cash Flow Hedges	Total
Beginning Balance – July 1, 2015	$ (7,361)	$ (13,243)	$ (1,652)	$ (22,256)
Other comprehensive loss before reclassifications	(1,072)	-	(1,065) (1)	(2,137)
Amounts reclassified from AOCL	-	-	-	-
Net current-period other comprehensive loss	(1,072)	-	(1,065)	(2,137)
Ending Balance – September 30, 2015	$ (8,433)	$ (13,243)	$ (2,717)	$ (24,393)

	Foreign Currency Translation Adjustments	Defined Benefit Pension Plan	Unrealized Gain (Loss) on Cash Flow Hedges	Total
Beginning Balance – July 1, 2014	$ 1,188	$ (4,393)	$ (934)	$ (4,139)
Other comprehensive income (loss) before reclassifications	(2,014)	-	989 (2)	(1,025)
Amounts reclassified from AOCL	-	-	-	-
Net current-period other comprehensive income (loss)	(2,014)	-	989	(1,025)
Ending Balance – September 30, 2014	$ (826)	$ (4,393)	$ 55	$ (5,164)

	Foreign Currency Translation Adjustments	Defined Benefit Pension Plan	Unrealized Loss on Cash Flow Hedges	Total
Beginning Balance – January 1, 2015	$ (1,878)	$ (13,243)	$ (646)	$ (15,767)
Other comprehensive loss before reclassifications	(6,555)	-	(2,071) (3)	(8,626)
Amounts reclassified from AOCL	-	-	-	-
Net current-period other comprehensive loss	(6,555)	-	(2,071)	(8,626)
Ending Balance – September 30, 2015	$ (8,433)	$ (13,243)	$ (2,717)	$ (24,393)

	Foreign Currency Translation Adjustments	Defined Benefit Pension Plan	Unrealized Gain (Loss) on Cash Flow Hedges	Total
Beginning Balance – January 1, 2014	$ 1,204	$ (4,393)	$ 774	$ (2,415)
Other comprehensive loss before reclassifications	(2,030)	-	(719) (4)	(2,749)
Amounts reclassified from AOCL	-	-	-	-
Net current-period other comprehensive loss	(2,030)	-	(719)	(2,749)
Ending Balance – September 30, 2014	$ (826)	$ (4,393)	$ 55	$ (5,164)

(1) Represents unrealized losses of $(1,727), net of tax benefit of $662 for the three months ended September 30, 2015.
(2) Represents unrealized gains of $1,538, net of tax effect of $(549) for the three months ended September 30, 2014.
(3) Represents unrealized losses of $(3,370), net of tax benefit of $1,299 for the nine months ended September 30, 2015.
(4) Represents unrealized losses of $(1,132), net of tax benefit of $413 for the nine months ended September 30, 2014.

6. Segment Reporting

The Company operates in and reports as a single operating segment, which is the design and manufacture of a wide range of engine powered products. Net sales are predominantly generated through the sale of generators and other engine powered products through various distribution channels. The Company manages and evaluates its operations as one segment primarily due to similarities in the nature of the products, production and design processes, and methods of distribution. The Company's sales in the United States represented approximately 88% and 86% of total sales for the three months ended September 30, 2015 and 2014, respectively, and represented 86% and 85% of total sales for the nine months ended September 30, 2015 and 2014, respectively. Approximately 91% and 90% of the Company's identifiable long-lived assets are located in the United States at September 30, 2015 and December 31, 2014, respectively.

The Company's product offerings consist primarily of power products with a range of power output geared for varying end customer uses. Residential products and commercial & industrial products are each a similar class of products based on similar power output and end customer usage. The breakout of net sales between residential, commercial & industrial, and other products is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Residential products	$ 184,967	$ 183,747	$ 475,268	$ 527,308
Commercial & industrial products	148,234	146,411	416,577	467,248
Other	26,090	22,147	67,624	62,366
Total	$ 359,291	$ 352,305	$ 959,469	$ 1,056,922

7. Balance Sheet Details

Inventories consist of the following:

	September 30, 2015	December 31, 2014
Raw material	$ 189,348	$ 184,407
Work-in-process	4,246	8,798
Finished goods	178,408	135,567
Reserves for excess and obsolete	(9,734)	(9,387)
Total	$ 362,268	$ 319,385

Property and equipment consists of the following:

	September 30, 2015	December 31, 2014
Land and improvements	$ 8,277	$ 7,803
Buildings and improvements	103,890	102,254
Machinery and equipment	70,225	65,240
Dies and tools	19,707	16,897
Vehicles	1,232	1,383
Office equipment and systems	27,649	21,990
Leasehold improvements	3,020	2,535
Construction in progress	25,650	20,120
Gross property and equipment	259,650	238,222
Accumulated depreciation	(81,530)	(69,401)
Total	$ 178,120	$ 168,821

8. Product Warranty Obligations

The Company records a liability for product warranty obligations at the time of sale to a customer based upon historical warranty experience. The Company also records a liability for specific warranty matters when they become known and are reasonably estimable. Additionally, the Company sells extended warranty coverage for certain products. The sales of extended warranties are recorded as deferred revenue, which is recognized over the life of the contracts.

The following is a tabular reconciliation of the product warranty liability, excluding the deferred revenue related to extended warranty coverage:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Balance at beginning of period	$ 28,185	$ 32,171	$ 30,909	$ 33,734
Product warranty reserve assumed in acquisition	351	193	351	193
Payments	(5,812)	(5,672)	(16,345)	(16,696)
Provision for warranties issued	6,033	5,595	15,062	17,623
Changes in estimates for pre-existing warranties	105	182	(1,115)	(2,385)
Balance at end of period	$ 28,862	$ 32,469	$ 28,862	$ 32,469

The following is a tabular reconciliation of the deferred revenue related to extended warranty coverage:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Balance at beginning of period	$ 27,241	$ 25,679	$ 27,193	$ 23,092
Deferred revenue on extended warranty contracts assumed in acquisition	291	-	291	-
Deferred revenue on extended warranty contracts sold	1,694	1,315	3,884	5,329
Amortization of deferred revenue on extended warranty contracts	(1,138)	(850)	(3,280)	(2,277)
Balance at end of period	$ 28,088	$ 26,144	$ 28,088	$ 26,144

Product warranty obligations and extended warranty related deferred revenues are included in the condensed consolidated balance sheets as follows:

	September 30, 2015	December 31, 2014
Product warranty liability		
Current portion - other accrued liabilities	$ 21,577	$ 24,143
Long-term portion - other long-term liabilities	7,285	6,766
Total	$ 28,862	$ 30,909
Deferred revenue related to extended warranty		
Current portion - other accrued liabilities	$ 5,178	$ 4,519
Long-term portion - other long-term liabilities	22,910	22,674
Total	$ 28,088	$ 27,193

9. Credit Agreements

Short-term borrowings are included in the condensed consolidated balance sheets as follows:

	September 30, 2015	December 31, 2014
ABL facility	$ -	$ -
Other lines of credit	4,481	5,359
Total	$ 4,481	$ 5,359

Long-term borrowings are included in the condensed consolidated balance sheets as follows:

	September 30, 2015	December 31, 2014
Term loan	$ 954,000	$ 1,104,000
Original issue discount	(17,496)	(23,861)
ABL facility	100,000	-
Capital lease obligation	1,783	2,059
Other	12,142	460
Total	1,050,429	1,082,658
Less: current portion of debt	142	389
Less: current portion of capital lease obligation	160	168
Total	$ 1,050,127	$ 1,082,101

The Company's credit agreements provide for a $1,200,000 term loan B credit facility (Term Loan) and include a $300,000 uncommitted incremental term loan facility. The Term Loan matures on May 31, 2020. The Term Loan is guaranteed by all of the Company's wholly-owned domestic restricted subsidiaries, and is secured by associated collateral agreements which pledge a first priority lien on virtually all of the Company's assets, including fixed assets and intangibles, other than all cash, trade accounts receivable, inventory, and other current assets and proceeds thereof, which are secured by a second priority lien.

The Term Loan initially bore interest at rates based upon either a base rate plus an applicable margin of 1.75% or adjusted LIBOR rate plus an applicable margin of 2.75%, subject to a LIBOR floor of 0.75%. Beginning in the second quarter of 2014, and measured each quarterly period thereafter, the applicable margin related to base rate loans is reduced to 1.50% and the applicable margin related to LIBOR rate loans is reduced to 2.50%, in each case, if the Borrower's net debt leverage ratio, as defined in the Term Loan, falls below 3.00 to 1.00 for that measurement period.

Because the Company's net debt leverage ratio was below 3.00 to 1.00 on April 1, 2014, it realized a 25 basis point reduction in borrowing costs in the second quarter of 2014. As a result, the Company recorded a cumulative catch-up gain of $16,014 in the second quarter of 2014 which represents the total cash interest savings over the remaining term of the loan, as the Company expected the net debt leverage ratio to remain below 3.00 to 1.00.

Because the Company's net debt leverage ratio was above 3.00 to 1.00 on July 1, 2015, it realized a 25 basis point increase in borrowing costs in the third quarter of 2015. As a result, the Company recorded a cumulative catch-up loss of $2,381 in the third quarter of 2015, which represents the additional cash interest expected to be paid while the net debt leverage ratio is forecasted to be above 3.00 to 1.00.

On May 18, 2015, the Company amended certain provisions and covenants of the Term Loan. In connection with this amendment and in accordance with ASC 470-50, *Debt Modifications and Extinguishments*, the Company capitalized $1,528 of fees paid to creditors as original issue discount on long-term borrowings and expensed $49 of transaction fees in the second quarter of 2015. As of September 30, 2015, the Company is in compliance with all covenants of the Term Loan. There are no financial maintenance covenants on the Term Loan.

The Company's credit agreements also provided for a $150,000 senior secured ABL revolving credit facility (ABL Facility). The maturity date of the ABL Facility was May 31, 2018. Borrowings under the ABL Facility are guaranteed by all of the Company's wholly-owned domestic restricted subsidiaries, and are secured by associated collateral agreements which pledge a first priority lien on all cash, trade accounts receivable, inventory, and other current assets and proceeds thereof, and a second priority lien on all other assets, including fixed assets and intangibles of the Company and certain domestic subsidiaries. ABL Facility borrowings initially bore interest at rates based upon either a base rate plus an applicable margin of 1.00% or adjusted LIBOR rate plus an applicable margin of 2.00%, in each case, subject to adjustments based upon average availability under the ABL Facility.

On May 29, 2015, the Company amended its ABL Facility. The amendment (i) increases the ABL Facility from $150,000 to $250,000 (Amended ABL Facility), (ii) extends the maturity date from May 31, 2018 to May 29, 2020, (iii) increases the uncommitted incremental facility from $50,000 to $100,000, (iv) reduces the interest rate spread by 50 basis points and (v) reduces the unused line fee by 12.5 basis points across all tiers. Additionally, the amendment relaxes certain restrictions on the Company's ability to, among other things, (i) make additional investments and acquisitions (including foreign acquisitions), (ii) make restricted payments and (iii) incur additional secured and unsecured debt (including foreign subsidiary debt). In connection with this amendment and in accordance with ASC 470-50, the Company capitalized $490 of new debt issuance costs in 2015.

On May 29, 2015, the Company borrowed $100,000 under the Amended ABL Facility, the proceeds of which were used as a voluntary prepayment towards the Term Loan. As of September 30, 2015, there was $100,000 outstanding under the Amended ABL Facility, leaving $148,500 of availability, net of outstanding letters of credit.

On April 30, September 30 and December 31, 2014, the Company made voluntary prepayments of the Term Loan of $12,000, $50,000 and $25,000, respectively, which were applied to future principal amortizations and the Excess Cash Flow payment requirement in the Term Loan. As a result of the prepayments, the Company wrote off $2,084 of original issue discount and capitalized debt issuance costs in 2014 as a loss on extinguishment of debt in the condensed consolidated statement of comprehensive income.

On March 30 and May 29, 2015, the Company made voluntary prepayments of the Term Loan of $50,000 and $100,000, respectively, which will be applied to the Excess Cash Flow payment requirement in the Term Loan. As a result of the prepayments, the Company wrote off $4,795 of original issue discount and capitalized debt issuance costs in the first half of 2015 as a loss on extinguishment of debt in the condensed consolidated statement of comprehensive income.

As of September 30, 2015 and December 31, 2014, short-term borrowings consisted of borrowings by our foreign subsidiaries on local lines of credit, which totaled $4,481 and $5,359, respectively.

10. Stock Repurchase Program

On August 5, 2015, the Company's Board of Directors approved a $200,000 stock repurchase program. Under the program, the Company may repurchase up to $200,000 of its common stock over 24 months from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions and other considerations. The repurchase may be executed using open market purchases, privately negotiated agreements or other transactions. The actual timing, number and value of shares repurchased under the program will be determined by management at its discretion and will depend on a number of factors, including the market price of the Company's shares of common stock and general market and economic conditions, applicable legal requirements, and compliance with the terms of the Company's outstanding indebtedness. The stock repurchase program may be suspended or discontinued at any time without prior notice.

For the three months ended September 30, 2015, the Company repurchased 2,150,000 shares of its common stock for $64,378, funded with cash on hand.

11. Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period, exclusive of restricted shares. Except where the result would be anti-dilutive, diluted earnings per share is calculated by assuming the vesting of unvested restricted stock and the exercise of stock options, as well as their related income tax benefits. The following table reconciles the numerator and the denominator used to calculate basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Net income (numerator)	$ 34,036	$ 36,497	$ 68,565	$ 125,223
Weighted average shares (denominator)				
Basic	68,175,466	68,556,051	68,642,479	68,511,409
Dilutive effect of stock compensation awards (1)	1,006,999	1,477,173	1,138,821	1,539,544
Diluted	69,182,465	70,033,224	69,781,300	70,050,953
Net income per share				
Basic	$ 0.50	$ 0.53	$ 1.00	$ 1.83
Diluted	$ 0.49	$ 0.52	$ 0.98	$ 1.79

(1) Excludes approximately 250,900 stock options and 11,000 shares of restricted stock for the three month period ended September 30, 2015, and 138,900 stock options and 800 shares of restricted stock for the nine month period ended September 30, 2015, as the impact of such awards was anti-dilutive. Excludes approximately 91,300 and 75,400 stock options for the three and nine month periods ended September 30, 2014, respectively, as the impact of such awards was anti-dilutive.

12. Income Taxes

The effective income tax rates for the nine months ended September 30, 2015 and 2014 were 36.2% and 34.6%, respectively. The increase in the effective income tax rate is primarily attributable to a decrease in the Company's federal domestic production activity deduction due to lower pre-tax income during the first nine months of 2015 compared to the first nine months of 2014. In addition, during the second quarter of 2014, the Company recognized a gain related to certain earn-out obligation adjustments in connection with acquisitions. This gain was not taxable and decreased the effective tax rate during that period.

13. Commitments and Contingencies

The Company has an arrangement with a finance company to provide floor plan financing for selected dealers. The Company receives payment from the finance company after shipment of product to the dealer. The Company participates in the cost of dealer financing up to certain limits and has agreed to repurchase products repossessed by the finance company, but does not indemnify the finance company for any credit losses they incur. The amount financed by dealers which remained outstanding under this arrangement at September 30, 2015 and December 31, 2014 was approximately $35,700 and $26,100, respectively.

In the normal course of business, the Company is named as a defendant in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may result from such lawsuits are not expected to have a material adverse effect on the financial position, results of operations or cash flows of the Company.

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

This quarterly report contains forward-looking statements that are subject to risks and uncertainties. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "forecast," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future", "optimistic" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

The forward-looking statements contained in this quarterly report are based on assumptions that we have made in light of our industry experience and on our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this report, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond our control) and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. The forward-looking statements contained in this quarterly report include estimates regarding:

- our business, financial and operating results, and future economic performance;
- proposed new product and service offerings; and
- management's goals, expectations and objectives and other similar expressions concerning matters that are not historical facts.

Factors that could affect our actual financial results and cause them to differ materially from those anticipated in the forward-looking statements include:

- frequency and duration of power outages impacting demand for our products;
- availability, cost and quality of raw materials and key components used in producing our products;
- the impact on our results of possible fluctuations in interest rates and foreign currency exchange rates;
- the possibility that the expected synergies, efficiencies and cost savings of our acquisitions will not be realized, or will not be realized within the expected time period;
- the risk that our acquisitions will not be integrated successfully;
- difficulties we may encounter as our business expands globally;
- competitive factors in the industry in which we operate;
- our dependence on our distribution network;
- our ability to invest in, develop or adapt to changing technologies and manufacturing techniques;
- loss of our key management and employees;
- increase in product and other liability claims or recalls; and
- changes in environmental, health and safety laws and regulations.

Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect, our actual results may vary in material respects from those projected in any forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in our filings with the Securities and Exchange Commission, including in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014. Stockholders, potential investors and other readers should consider these factors carefully in evaluating the forward-looking statements.

Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Overview

We are a leading designer and manufacturer of a wide range of power generation equipment and other engine powered products serving the residential, light commercial, industrial, oil & gas, and construction markets. Power generation is our primary focus, which differentiates us from our primary competitors that also have broad operations outside the power equipment market. As the only significant market participant focused predominantly on these products, we have one of the leading market positions in the power equipment market in North America and an expanding presence internationally. We believe we have one of the widest range of products in the marketplace, including residential, commercial and industrial standby generators, as well as portable and mobile generators used in a variety of applications. Other engine powered products that we design and manufacture include light towers which provide temporary lighting for various end markets; commercial and industrial mobile heaters used in the oil & gas, construction and other industrial markets; and a broad product line of chore products for residential and commercial use.

The Company has executed a number of acquisitions that support our strategic plan. A summary of these acquisitions can be found in Note 1, “Description of Business and Basis of Presentation,” to the condensed consolidated financial statements in Item 1 of this quarterly report on Form 10-Q.

Business Drivers and Operational Factors

In operating our business and monitoring its performance, we pay attention to a number of business drivers and trends as well as operational factors. The statements in this section are based on our current expectations.

Business Drivers and Trends

A significant portion of our performance is affected by the demand for reliable back-up power solutions by our customer base. This demand is influenced by several important drivers and trends affecting our industry, including the following:

Increasing penetration opportunity. Many potential customers are not aware of the costs and benefits of automatic backup power solutions. We estimate that penetration rates for home standby generators are only approximately 3.5% of U.S. single-family detached, owner-occupied households with a home value of over $100,000, as defined by the U.S. Census Bureau's 2013 American Housing Survey for the United States. The decision to purchase backup power for many light-commercial buildings such as convenience stores, restaurants and gas stations is more return-on-investment (ROI) driven and as a result these applications have relatively lower penetration rates as compared to buildings used in code-driven or mission critical applications such as hospitals, wastewater treatment facilities, 911 call centers, data centers and certain industrial locations. The emergence of lower cost, cleaner burning natural gas fueled generators has helped to accelerate the penetration of standby generators in the light-commercial market. Also, the importance of backup power for telecommunications infrastructure is increasing due to the growing demand for uninterrupted voice and data services. Also, in recent years, a more stringent regulatory environment around the flaring of natural gas at oil & gas drilling and production sites has been a catalyst for increased demand for natural gas fueled generators, including mobile solutions. We believe by expanding our distribution network, continuing to develop our product line, and targeting our marketing efforts, we can continue to build awareness and increase penetration for our standby generators for residential, commercial and industrial purposes.

Effect of large scale and baseline power disruptions. Power disruptions are an important driver of customer awareness and have historically influenced demand for generators. Increased frequency and duration of major power outage events, that have a broader impact beyond a localized level, increases product awareness and may drive consumers to accelerate their purchase of a standby or portable generator during the immediate and subsequent period, which we believe may last for six to twelve months for standby generators. For example, the multiple major outage events that occurred during the second half of both 2011 and 2012 drove strong demand for portable and home standby generators, and the increased awareness of these products contributed to substantial organic revenue growth in 2012 with strong growth continuing during 2013. Major power disruptions are unpredictable by nature and, as a result, our sales levels and profitability may fluctuate from period to period. In addition, there are smaller, more localized power outages that occur frequently across the U.S. that drive the baseline level of demand for back-up power solutions. The level of baseline power outage activity occurring across the U.S. can also fluctuate, and may cause our financial results to fluctuate from year to year.

Impact of residential investment cycle. The market for residential generators is also affected by the residential investment cycle and overall consumer confidence and sentiment. When homeowners are confident of their household income, the value of their home and overall net worth, they are more likely to invest in their home. These trends can have an impact on demand for residential generators. Trends in the new housing market highlighted by residential housing starts can also impact demand for our residential products.

Impact of business capital investment cycle. The market for our commercial and industrial products is affected by the overall capital investment cycle, including non-residential building construction, durable goods and infrastructure spending as well as investments in the exploration and production of oil & gas, as businesses or organizations either add new locations or make investments to upgrade existing locations or equipment. These trends can have a material impact on demand for our products. The capital investment cycle may differ for the various commercial and industrial end markets that we serve including light commercial, retail, telecommunications, industrial, data centers, healthcare, construction, oil & gas and municipal infrastructure, among others. The market for these products is also affected by general economic conditions and credit availability in the geographic regions that we serve. In addition, we believe demand for our mobile power products will continue to benefit from a secular shift towards renting versus buying this type of equipment.

Factors Affecting Results of Operations

We are subject to various factors that can affect our results of operations, which we attempt to mitigate through factors we can control, including continued product development, expanded distribution, pricing and cost control. Certain operational and other factors that affect our business include the following:

Effect of commodity, currency and component price fluctuations. Industry-wide price fluctuations of key commodities, such as steel, copper, aluminum and other components we use in our products, together with foreign currency fluctuations, can have a material impact on our results of operations. We have historically attempted to mitigate the impact of rising commodity, currency and component prices through improved product design and sourcing, manufacturing efficiencies, price increases and select hedging transactions. Our results are also influenced by changes in fuel prices in the form of freight rates, which in some cases are borne by our customers and in other cases are paid by us.

Seasonality. Although there is demand for our products throughout the year, in each of the past three years approximately 23% to 27% of our net sales occurred in the first quarter, 20% to 25% in the second quarter, 24% to 26% in the third quarter and 25% to 29% in the fourth quarter, with different seasonality depending on the presence, timing and severity of major power outage activity in each year. Major outage activity is unpredictable by nature and, as a result, our sales levels and profitability may fluctuate from period to period. For example, there were multiple major power outage events that occurred during the second half of both 2011 and 2012, which were significant in terms of severity. As a result, the seasonality experienced during this time period, and for the subsequent quarters following the time period, varied relative to other periods where no major outage events occurred. We maintain a flexible production and supply chain infrastructure in order to respond to outage-driven peak demand.

Factors influencing interest expense and cash interest expense. Interest expense can be impacted by a variety of factors, including market fluctuations in LIBOR, interest rate election periods, interest rate swap agreements, credit facility pricing grids, and repayments or borrowings of indebtedness. Cash interest expense decreased during the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014, primarily due to voluntary prepayments of Term Loan principal and the lower interest rate on our ABL Facility borrowings.

Factors influencing provision for income taxes and cash income taxes paid. We had approximately $837 million of tax-deductible goodwill and intangible asset amortization remaining as of December 31, 2014 related to our acquisition by CCMP in 2006 that we expect to generate cash tax savings of approximately $326 million through 2021, assuming continued profitability and a 39% tax rate. The recognition of the tax benefit associated with these assets for tax purposes is expected to be $122 million annually through 2020 and $102 million in 2021, which generates annual cash tax savings of $48 million through 2020 and $40 million in 2021, assuming profitability and a 39% tax rate. As a result of the asset acquisition of the Magnum business in the fourth quarter of 2011, we had approximately $45.5 million of incremental tax deductible goodwill and intangible assets remaining as of December 31, 2014. We expect these assets to generate cash tax savings of $17.8 million through 2026 assuming continued profitability and a 39% tax rate. The amortization of these assets for tax purposes is expected to be $3.8 million annually through 2025 and $2.8 million in 2026, which generates an additional annual cash tax savings of $1.5 million through 2025 and $1.1 million in 2026, assuming profitability and a 39% tax rate. Based on current business plans, we believe that our cash tax obligations through 2026 will be significantly reduced by these tax attributes. Other domestic acquisitions have resulted in additional tax deductible goodwill and intangible assets that will generate tax savings, but are not material to the Company’s consolidated financial statements.

Results of Operations

Three and nine months ended September 30, 2015 compared to three and nine months ended September 30, 2014

The following table sets forth our consolidated statement of operations data for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(U.S. Dollars in thousands)	2015	2014	2015	2014
Net sales	$ 359,291	$ 352,305	$ 959,469	$ 1,056,922
Cost of goods sold	228,965	222,022	630,643	679,113
Gross profit	130,326	130,283	328,826	377,809
Operating expenses:				
Selling and service	34,715	32,961	93,317	90,045
Research and development	8,332	7,822	24,907	23,580
General and administrative	13,127	13,429	40,897	39,080
Amortization of intangible assets	6,285	5,277	17,460	15,721
Gain on remeasurement of contingent consideration	-	-	-	(4,877)
Total operating expenses	62,459	59,489	176,581	163,549
Income from operations	67,867	70,794	152,245	214,260
Total other income (expense), net	(14,613)	(15,932)	(44,816)	(22,752)
Income before provision for income taxes	53,254	54,862	107,429	191,508
Provision for income taxes	19,218	18,365	38,864	66,285
Net income	$ 34,036	$ 36,497	$ 68,565	$ 125,223
Residential power products	$ 184,967	$ 183,747	$ 475,268	$ 527,308
Commercial & industrial power products	148,234	146,411	416,577	467,248
Other	26,090	22,147	67,624	62,366
Net sales	$ 359,291	$ 352,305	$ 959,469	$ 1,056,922

Net sales. Net sales increased $7.0 million, or 2.0%, to $359.3 million for the three months ended September 30, 2015 from $352.3 million for the three months ended September 30, 2014. Acquisitions completed in the last twelve months accounted for $33.9 million of our sales in the three months ended September 30, 2015. Residential product sales for the third quarter increased to $185.0 million as compared to $183.7 million for the third quarter of 2014. The increase was due to a combination of contributions from recent acquisitions being mostly offset by a decline in shipments of home standby generators. The softness in home standby shipments was primarily driven by the continuation of low power outage severity that was significantly below the prior year and, to a lesser extent, by a modest level of inventory destocking in certain channels. Commercial and industrial (C&I) product sales for the third quarter of 2015 were $148.2 million as compared to $146.4 million for the comparable period in 2014. The increase was primarily due to contributions from a recent acquisition and higher shipments of stationary equipment to industrial distributors, mostly offset by a significant decline in shipments of mobile products into oil & gas markets as a result of lower capital spending caused by the substantial decline in energy prices.

Net sales decreased $97.4 million, or 9.2%, to $959.5 million for the nine months ended September 30, 2015 from $1,056.9 million for the nine months ended September 30, 2014. Acquisitions completed in the last twelve months accounted for $47.9 million of our sales in the nine months ended September 30, 2015. Residential product sales were $475.3 million for the nine months ended September 30, 2015 as compared to $527.3 million for the nine months ended September 30, 2014. The decline was primarily driven by a power outage severity environment that is well below normalized levels year-to-date and significantly below the prior year. The low power outage environment resulted in a large decline in shipments of home standby generators and, to a lesser extent, portable generators, partially offset by contributions from recent acquisitions. C&I product sales were $416.6 million for the nine months ended September 30, 2015 as compared to $467.2 million for the comparable period in 2014. The decrease was primarily due to a significant decline in shipments of mobile products into oil & gas markets and lower shipments to telecom national account customers as a result of a reduction in capital spending by certain of these customers. Partially offsetting these declines were higher shipments of stationary equipment to industrial distributors and contributions from a recent acquisition.

Gross profit. Gross profit margin for the third quarter of 2015 was 36.3% compared to 37.0% in the prior-year third quarter. The decline was primarily driven by unfavorable product mix and, to a lesser extent, the impact from recent acquisitions, partially offset by the favorable impact from improved pricing along with lower commodity costs and benefits from overseas components sourcing due to a stronger U.S. dollar.

Gross profit margin for the nine months ended September 30, 2015 was 34.3% compared to 35.7% for the nine months ended September 30, 2014. The decline was driven by a number of factors including a temporary increase in certain costs associated with the slowdown of activity in west coast ports, unfavorable absorption of manufacturing overhead-related costs, mark-to-market adjustments on commodity forward contracts and the impact from recent acquisitions, partially offset by the favorable impact from improved pricing along with lower commodity costs and benefits from overseas components sourcing due to a stronger U.S. dollar.

Operating expenses. Operating expenses increased $3.0 million, or 5.0%, to $62.5 million for the three months ended September 30, 2015 from $59.5 million for the three months ended September 30, 2014. The increase was primarily due to the addition of recurring operating expenses associated with recent acquisitions, partially offset by reductions in certain other organic selling, general and administrative expenses.

Operating expenses increased $13.1 million, or 8.0%, to $176.6 million for the nine months ended September 30, 2015 from $163.5 million for the nine months ended September 30, 2014. The increase was partially driven by a prior year $4.9 million gain relating to a remeasurement of a contingent earn-out obligation from a previous acquisition. Excluding this gain, operating expenses increased $8.2 million, or 4.8%, as compared to the nine months ended September 30, 2014, which was primarily driven by the addition of recurring operating expenses associated with recent acquisitions, and increased marketing and advertising expenses. These increases were partially offset by reductions in variable operating expenses on lower sales volumes.

Other expense. Other expense decreased $1.3 million to $14.6 million for the three months ended September 30, 2015 from $15.9 million for the three months ended September 30, 2014. The decrease was primarily due to a $2.1 million decrease in interest expense and a prior year voluntary $50 million prepayment of Term Loan debt, which resulted in a non-cash $1.8 million loss on extinguishment of debt in the third quarter of 2014. These decreases were partially offset by a current year $2.4 million non-cash loss relating to a 25 basis point increase in borrowing costs as a result of the net debt leverage ratio going above 3.0 times at June 30, 2015.

Other expense increased $22.0 million, or 97.0%, to $44.8 million for the nine months ended September 30, 2015 from $22.8 million for the nine months ended September 30, 2014. The increase was primarily due to a prior year $16.0 million non-cash gain relating to a 25 basis point reduction in borrowing costs as a result of the net debt leverage ratio falling below 3.0 times at March 31, 2014, and a current year $2.4 million non-cash loss relating to a 25 basis point increase in borrowing costs as a result of the net debt leverage ratio going back above 3.0 times at June 30, 2015. Additionally, during the first nine months of 2015, $150 million of voluntary prepayments of Term Loan debt were made, resulting in a non-cash $4.8 million loss on extinguishment of debt, compared to a prior year voluntary $50 million prepayment of Term Loan debt, which resulted in a non-cash $1.8 million loss on extinguishment of debt in 2014. These debt repayments resulted in a $3.2 million decrease in interest expense.

Provision for income taxes. Income tax expense was $19.2 million for the three months ended September 30, 2015 compared to $18.4 million for the three months ended September 30, 2014. Income tax expense was $38.9 million for the nine months ended September 30, 2015 compared to $66.3 million for the nine months ended September 30, 2014. The decrease was primarily driven by lower pre-tax income during the first nine months of 2015 compared to the first nine months of 2014. The effective income tax rates for the nine months ended September 30, 2015 and 2014 were 36.2% and 34.6%, respectively. The increase is attributable to a decrease in our federal domestic production activity deduction due to lower pre-tax income during the first nine months of 2015 compared to the first nine months of 2014. In addition, during the second quarter of 2014, the company recognized a gain related to certain earn-out obligation adjustments in connection with acquisitions. This gain was not taxable, and therefore, decreased the effective tax rate during that period.

Net income. Due to the factors outlined above, we generated net income of $34.0 million for the three months ended September 30, 2015 compared to $36.5 million for the three months ended September 30, 2014, and generated net income of $68.6 million for the nine months ended September 30, 2015 compared to the $125.2 million for the nine months ended September 30, 2014.

Adjusted EBITDA. Adjusted EBITDA decreased $1.9 million or 2.3%, to $81.2 million for the three months ended September 30, 2015 from $83.1 million for the three months ended September 30, 2014, due to the factors outlined above. Adjusted EBITDA decreased $54.4 million or 22.2%, to $190.7 million for the nine months ended September 30, 2015 from $245.1 million for the nine months ended September 30, 2014, due to the factors outlined above.

Adjusted Net Income. Adjusted Net Income of $63.4 million for the three months ended September 30, 2015 increased 9.6% from $57.9 million for the three months ended September 30, 2014, primarily due to a decrease in cash income tax expense. Adjusted Net Income of $133.1 million for the nine months ended September 30, 2015 decreased 19.7% from $165.7 million for the nine months ended September 30, 2014, due to the factors outlined above partially offset by a decrease in cash income tax expense.

See "Non-GAAP Measures" for a discussion of how we calculate Adjusted EBITDA and Adjusted Net Income and the limitations on their usefulness.

Liquidity and Financial Condition

Our primary cash requirements include payment for our raw material and component supplies, salaries & benefits, operating expenses, interest and principal payments on our debt and capital expenditures. We finance our operations primarily through cash flow generated from operating activities and, if necessary, borrowings under our Amended ABL Facility.

The Company's credit agreements provide for a $1.2 billion Term Loan and include a $300.0 million uncommitted incremental term loan facility. The Term Loan matures on May 31, 2020. The Term Loan initially bore interest at rates based upon either a base rate plus an applicable margin of 1.75% or adjusted LIBOR rate plus an applicable margin of 2.75%, subject to a LIBOR floor of 0.75%. Beginning in the second quarter of 2014, and measured each subsequent quarter thereafter, the applicable margin related to base rate loans is reduced to 1.50% and the applicable margin related to LIBOR rate loans is reduced to 2.50%, to the extent that the Company's net debt leverage ratio, as defined in the Term Loan, is below 3.00 to 1.00 for that measurement period. The Company's net debt leverage ratio as of September 30, 2015 was above 3.00 to 1.00. As of September 30, 2015, the Company is in compliance with all covenants of the Term Loan. There are no financial maintenance covenants on the Term Loan.

The Company's credit agreements also provide for the $250.0 million Amended ABL Facility. The maturity date of the Amended ABL Facility is May 29, 2020. In May 2015, the Company borrowed $100.0 million under the Amended ABL Facility, which was used as a voluntary prepayment towards the Term Loan. As of September 30, 2015, there was $100.0 million outstanding under the Amended ABL Facility, and the Company is in compliance with all covenants of the Amended ABL Facility.

For additional information regarding our credit agreements and their potential impact, see Note 9, "Credit Agreements" of our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

At September 30, 2015, we had cash and cash equivalents on hand of $46.5 million and $148.5 million of availability under our revolving ABL credit facility, net of outstanding letters of credit.

On August 5, 2015, the Company's Board of Directors approved a $200.0 million stock repurchase program. Under the program, the Company may repurchase up to $200.0 million of its common stock over 24 months from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions and other considerations. The repurchase may be executed using open market purchases, privately negotiated agreements or other transactions. The actual timing, number and value of shares repurchased under the program will be determined by management at its discretion and will depend on a number of factors, including the market price of the Company's shares of common stock and general market and economic conditions, applicable legal requirements, and compliance with the terms of the Company's outstanding indebtedness. The repurchases will be funded from cash on hand or available borrowings. The stock repurchase program may be suspended or discontinued at any time without prior notice.

For the three months ended September 30, 2015, the Company repurchased 2,150,000 shares of its common stock for $64.4 million, funded with cash on hand.

Long-term Liquidity

We believe that our cash flow from operations and availability under the Amended ABL Facility, combined with relatively low ongoing capital expenditure requirements and favorable tax attributes (which result in a lower cash tax rate as compared to the U.S. statutory tax rate) provide us with sufficient capital to continue to grow our business in the future. We will use a portion of our cash flow to pay interest and principal on our outstanding debt as well as repurchase shares of our common stock, impacting the amount available for working capital, capital expenditures and other general corporate purposes. As we continue to expand our business, we may require additional capital to fund working capital, capital expenditures or acquisitions.

Cash Flow

Nine months ended September 30, 2015 compared to nine months ended September 30, 2014

The following table summarizes our cash flows by category for the periods presented:

(U.S. Dollars in thousands)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	$ Change	% Change
Net cash provided by operating activities	$ 76,859	$ 142,511	$ (65,652)	-46.1%
Net cash used in investing activities	(94,480)	(28,024)	(66,456)	237.1%
Net cash used in financing activities	(122,754)	(90,522)	(32,232)	35.6%

Net cash provided by operating activities was $76.9 million for the nine months ended September 30, 2015 compared to $142.5 million for the nine months ended September 30, 2014. This 46.1% decrease was primarily the result of lower operating earnings during the current year along with higher working capital investment as finished goods inventory levels increased due to lower-than-expected demand in certain of our end markets. This decline was partially offset by lower taxes paid compared to the prior year.

Net cash used in investing activities was $94.5 million for the nine months ended September 30, 2015, which was primarily due to cash payments of $74.5 million related to the acquisition of businesses and $20.1 million for the purchase of property and equipment. Net cash used in investing activities was $28.0 million for the nine months ended September 30, 2014, which was primarily due to cash payments of $22.7 million for the purchase of property and equipment and $5.3 million related to the acquisition of businesses.

Net cash used in financing activities was $122.8 million for the nine months ended September 30, 2015, primarily representing $165.8 million of debt repayments ($150.6 million of long-term borrowings and $15.2 million of short-term borrowings) partially offset by $114.3 million cash proceeds from borrowings ($100.0 million from long-term borrowings under the ABL facility and $14.3 million from short-term borrowings). In addition, the Company paid $64.4 million for the repurchase of its common stock and $12.4 million related to the net share settlement of equity awards, which was partially offset by $8.9 million of cash inflow related to excess tax benefits of equity awards.

Net cash used in financing activities was $90.5 million for the nine months ended September 30, 2014, primarily representing $93.6 million of debt repayments ($68.9 million of long-term borrowings and $24.7 million of short-term borrowings) partially offset by $4.9 million cash proceeds from short-term borrowings. In addition, the Company paid $10.3 million related to the net share settlement of equity awards, which was partially offset by $9.2 million of cash inflow related to the excess tax benefits of equity awards.

Contractual Obligations

During March 2015, the Company made a $50.0 million voluntary prepayment of its Term Loan. During May 2015, the Company amended its Term Loan and ABL Facility, and borrowed $100.0 million under the Amended ABL Facility, which was used as a voluntary prepayment towards the Term Loan. Refer to Note 9, “Credit Agreements,” to the condensed consolidated financial statements for further information. Other than these items, there have been no material changes to our contractual obligations since the February 27, 2015 filing of our Annual Report on Form 10-K for the year ended December 31, 2014.

Off-Balance Sheet Arrangements

There have been no material changes to off-balance sheet arrangements since the February 27, 2015 filing of our Annual Report on Form 10-K for the year ended December 31, 2014.

Critical Accounting Policies

There have been no material changes in our critical accounting policies since the February 27, 2015 filing of our Annual Report on Form 10-K for the year ended December 31, 2014.

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2014, in preparing the financial statements in accordance with U.S. GAAP, we are required to make estimates and assumptions that have an impact on the asset, liability, revenue and expense amounts reported. These estimates can also affect our supplemental information disclosures, including information about contingencies, risk and financial condition. We believe, given current facts and circumstances, that our estimates and assumptions are reasonable, adhere to U.S. GAAP and are consistently applied. Inherent in the nature of an estimate or assumption is the fact that actual results may differ from estimates and estimates may vary as new facts and circumstances arise. We make routine estimates and judgments in determining net realizable value of accounts receivable, inventories, property and equipment, and prepaid expenses. We believe that our most critical accounting estimates and assumptions are in the following areas: goodwill and other intangible asset impairment assessment; business combinations and purchase accounting; defined benefit pension obligations; estimates of allowance for doubtful accounts, excess and obsolete inventory reserves, product warranty and other contingencies; derivative accounting; income taxes and share based compensation.

Non-GAAP Measures

Adjusted EBITDA

Adjusted EBITDA represents net income before interest expense, taxes, depreciation and amortization, as further adjusted for the other items reflected in the reconciliation table set forth below. The computation of Adjusted EBITDA is based on the definition of EBITDA contained in both the Term Loan and Amended ABL Facility, which is substantially the same definition that was contained in the Company’s previous credit agreements.

We view Adjusted EBITDA as a key measure of our performance. We present Adjusted EBITDA not only due to its importance for purposes of our credit agreements but also because it assists us in comparing our performance across reporting periods on a consistent basis as it excludes items that we do not believe are indicative of our core operating performance. Our management uses Adjusted EBITDA:

- for planning purposes, including the preparation of our annual operating budget and developing and refining our internal projections for future periods;
- to allocate resources to enhance the financial performance of our business;
- as a benchmark for the determination of the bonus component of compensation for our senior executives under our management incentive plan, as described further in our 2015 proxy statement;
- to evaluate the effectiveness of our business strategies and as a supplemental tool in evaluating our performance against our budget for each period; and
- in communications with our Board of Directors and investors concerning our financial performance.

We believe Adjusted EBITDA is used by securities analysts, investors and other interested parties in the evaluation of the Company. Management believes the disclosure of Adjusted EBITDA offers an additional financial metric that, when coupled with U.S. GAAP results and the reconciliation to U.S. GAAP results, provides a more complete understanding of our results of operations and the factors and trends affecting our business. We believe Adjusted EBITDA is useful to investors for the following reasons:

- Adjusted EBITDA and similar non-GAAP measures are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, tax jurisdictions, capital structures and the methods by which assets were acquired;
- investors can use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of our company, including our ability to service our debt and other cash needs; and
- by comparing our Adjusted EBITDA in different historical periods, our investors can evaluate our operating performance excluding the impact of items described below.

The adjustments included in the reconciliation table listed below are provided for under our Term Loan and Amended ABL Facility, and also are presented to illustrate the operating performance of our business in a manner consistent with the presentation used by our management and Board of Directors. These adjustments eliminate the impact of a number of items that:

- we do not consider indicative of our ongoing operating performance, such as non-cash write-downs and other charges, non-cash gains and write-offs relating to the retirement of debt, severance costs and other restructuring-related business optimization expenses;
- we believe to be akin to, or associated with, interest expense, such as administrative agent fees, revolving credit facility commitment fees and letter of credit fees; or
- are non-cash in nature, such as share-based compensation.

We explain in more detail in footnotes (a) through (f) below why we believe these adjustments are useful in calculating Adjusted EBITDA as a measure of our operating performance.

Adjusted EBITDA does not represent, and should not be a substitute for, net income or cash flows from operations as determined in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of the limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- several of the adjustments that we use in calculating Adjusted EBITDA, such as non-cash write-downs and other charges, while not involving cash expense, do have a negative impact on the value of our assets as reflected in our consolidated balance sheet prepared in accordance with U.S. GAAP; and
- other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Furthermore, as noted above, one of our uses of Adjusted EBITDA is as a benchmark for determining elements of compensation for our senior executives. At the same time, some or all of these senior executives have responsibility for monitoring our financial results, generally including the adjustments in calculating Adjusted EBITDA (subject ultimately to review by our Board of Directors in the context of the Board's review of our quarterly financial statements). While many of the adjustments (for example, transaction costs and credit facility fees), involve mathematical application of items reflected in our financial statements, others involve a degree of judgment and discretion. While we believe all of these adjustments are appropriate, and while the quarterly calculations are subject to review by our Board of Directors in the context of the Board's review of our quarterly financial statements and certification by our Chief Financial Officer in a compliance certificate provided to the lenders under our Term Loan and Amended ABL Facility credit agreements, this discretion may be viewed as an additional limitation on the use of Adjusted EBITDA as an analytical tool.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted EBITDA only supplementally.

The following table presents a reconciliation of net income to Adjusted EBITDA:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(U.S. Dollars in thousands)	**2015**	**2014**	**2015**	**2014**
Net income	$ 34,036	$ 36,497	$ 68,565	$ 125,223
Interest expense	10,210	12,294	32,241	35,411
Depreciation and amortization	10,597	8,789	29,760	25,745
Provision for income taxes	19,218	18,365	38,864	66,285
Non-cash write-down and other adjustments (a)	2,115	1,099	4,091	(4,653)
Non-cash share-based compensation expense (b)	1,799	3,200	6,889	9,403
Loss on extinguishment of debt (c)	-	1,836	4,795	1,836
(Gain) loss on change in contractual interest rate (d)	2,381	-	2,381	(16,014)
Transaction costs and credit facility fees (e)	317	889	999	1,590
Business optimization expenses (f)	5	-	1,743	-
Other	494	91	404	264
Adjusted EBITDA	$ 81,172	$ 83,060	$ 190,732	$ 245,090

(a) Represents the following non-cash charges for the three and nine months ended September 30, 2015 and 2014: losses on disposals of assets, unrealized mark-to-market adjustments on commodity contracts, certain foreign currency adjustments and certain purchase accounting related adjustments in connection with permitted business acquisitions, as defined in our credit agreement. Additionally, the nine months ended September 30, 2014 includes adjustments for certain earn-out obligations in connection with acquisitions ($4.9 million).

We believe that adjusting net income for these non-cash charges is useful for the following reasons:

- The loss on disposals of assets described above result from the sale of assets that are no longer useful in our business and therefore represent losses that are not from our core operations;
- The adjustments for unrealized mark-to-market gains and losses on commodity contracts represent non-cash items to reflect changes in the fair value of forward contracts that have not been settled or terminated. We believe it is useful to adjust net income for these items because the charges do not represent a cash outlay in the period in which the charge is incurred, although Adjusted EBITDA must always be used together with our U.S. GAAP statements of comprehensive income and cash flows to capture the full effect of these contracts on our operating performance;
- The purchase accounting adjustments represent non-cash items to reflect fair value at the date of acquisition, and therefore do not reflect our ongoing operations; and
- The adjustment for a certain earn-out obligation in connection with acquisitions recorded in the nine months ended September 30, 2014, is a one-time charge that we believe does not reflect our ongoing operations.

(b) Represents share-based compensation expense to account for stock options, restricted stock and other stock awards over their vesting period.

(c) Represents the non-cash write-off of original issue discount and capitalized debt issuance costs due to voluntary debt prepayments.

(d) The amount for the three and nine months ended September 30, 2015 represents a non-cash loss relating to a 25 basis point increase in borrowing costs, as a result of the credit agreement leverage ratio rising above 3.0 times at June 30, 2015. The amount for the nine months ended September 30, 2014 represents a non-cash gain relating to a 25 basis point reduction in borrowing costs, as a result of the credit agreement leverage ratio falling below 3.0 times at March 31, 2014.

(e) Represents transaction costs incurred directly in connection with any investment, as defined in our credit agreement, equity issuance or debt issuance or refinancing, together with certain fees relating to our senior secured credit facilities, such as administrative agent fees and revolving credit facility commitment fees under our Term Loan and Amended ABL Facility, which we believe to be akin to, or associated with, interest expense and whose inclusion in Adjusted EBITDA is therefore similar to the inclusion of interest expense in that calculation.

(f) Represents severance and non-recurring restructuring charges related to the integration of our facilities, which represent expenses that are not from our core operations and do not reflect our ongoing operations.

Adjusted Net Income

Adjusted Net Income is defined as net income before provision for income taxes adjusted for the following items: cash income tax expense, amortization of intangible assets, amortization of deferred financing costs and original issue discount related to the Company’s debt, gains and losses on changes in cash flows related to the Company’s debt, intangible asset impairment charges (as applicable), transaction costs, losses on extinguishment of debt, business optimization expenses, purchase accounting adjustments, and certain other non-cash gains and losses as reflected in the reconciliation table set forth below.

We believe Adjusted Net Income is used by securities analysts, investors and other interested parties in the evaluation of our company’s operations. Management believes the disclosure of Adjusted Net Income offers an additional financial metric that, when used in conjunction with U.S. GAAP results and the reconciliation to U.S. GAAP results, provides a more complete understanding of our results of operations, our cash flows, and the factors and trends affecting our business.

The adjustments included in the reconciliation table listed below are presented to illustrate the operating performance of our business in a manner consistent with the presentation used by investors and securities analysts. Similar to the Adjusted EBITDA reconciliation, these adjustments eliminate the impact of a number of items we do not consider indicative of our ongoing operating performance or cash flows, such as amortization costs, transaction costs and write-offs relating to the retirement of debt. We also make adjustments to present cash taxes paid as a result of our favorable tax attributes.

Similar to Adjusted EBITDA, Adjusted Net Income does not represent, and should not be a substitute for, net income or cash flows from operations as determined in accordance with U.S. GAAP. Adjusted Net Income has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of the limitations are:

- Adjusted Net Income does not reflect changes in, or cash requirements for, our working capital needs;
- although amortization is a non-cash charge, the assets being amortized may have to be replaced in the future, and Adjusted Net Income does not reflect any cash requirements for such replacements; and
- other companies may calculate Adjusted Net Income differently than we do, limiting its usefulness as a comparative measure.

(U.S. Dollars in thousands, except share and per share data)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net income	$ 34,036	$ 36,497	$ 68,565	$ 125,223
Provision for income taxes	19,218	18,365	38,864	66,285
Income before provision for income taxes	53,254	54,862	107,429	191,508
Amortization of intangible assets	6,285	5,277	17,460	15,721
Amortization of deferred financing costs and original issue discount	1,024	1,824	4,368	4,845
Loss on extinguishment of debt	-	1,836	4,795	1,836
(Gain) loss on change in contractual interest rate	2,381	-	2,381	(16,014)
Transaction costs and other purchase accounting adjustments (a)	979	565	1,482	(4,134)
Business optimization expenses	5	-	1,743	-
Adjusted net income before provision for income taxes	63,928	64,364	139,658	193,762
Cash income tax expense (b)	(500)	(6,470)	(6,535)	(28,030)
Adjusted net income	$ 63,428	$ 57,894	$ 133,123	$ 165,732
Adjusted net income per common share - diluted:	$ 0.92	$ 0.83	$ 1.91	$ 2.37
Weighted average common shares outstanding - diluted:	69,182,465	70,033,224	69,781,300	70,050,953

(a) Represents transaction costs incurred directly in connection with any investment, as defined in our credit agreement, equity issuance or debt issuance or refinancing, and certain purchase accounting adjustments. Additionally, the nine months ended September 30, 2014 includes adjustments to certain earn-out obligations in connection with acquisitions ($4.9 million).

(b) Amount for the three and nine months ended September 30, 2015 is based on an anticipated cash income tax rate of approximately 4% for the full year-ended 2015. Amount for the three and nine months ended September 30, 2014 is based on an anticipated cash income tax rate of approximately 14% for the full year-ended 2014.

New Accounting Standards

Refer to Note 1, “Description of Business and Basis of Presentation,” to the condensed consolidated financial statements for further information on the new accounting standards applicable to the Company.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Refer to Note 3, “Derivative Instruments and Hedging Activities,” to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of changes in commodity, currency and interest rate related risks and hedging activities. Otherwise, there have been no material changes in market risk from the information provided in Item 7A (Quantitative and Qualitative Disclosures About Market Risk) of our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes during the three months ended September 30, 2015 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in legal proceedings primarily involving product liability, employment matters and general commercial disputes arising in the ordinary course of our business. As of September 30, 2015, we believe that there is no litigation pending that would have a material effect on our results of operations or financial condition.

Item 1A. Risk Factors

There have been no material changes in our risk factors since the February 27, 2015 filing of our Annual Report on Form 10-K for the year ended December 31, 2014, except for the additional risk factor presented below within the “Risk factors related to our business and industry.”

We may encounter difficulties in implementing or operating a new enterprise resource planning (ERP) system, which may adversely affect our operations and financial reporting

We are in the process of implementing a new ERP system as part of our ongoing efforts to improve and strengthen our operational and financial processes and our reporting systems. When implemented, the ERP system may not provide the benefits anticipated, could add costs and complications to ongoing operations, and may impact our ability to process transactions accurately and efficiently, all of which may have a material adverse effect on the Company’s business and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities for the three months ended September 30, 2015.

The following table summarizes our stock repurchase activity for the three months ended September 30, 2015, which consisted of the withholding of shares upon the vesting of restricted stock awards to pay related withholding taxes on behalf of the recipient and shares repurchased under the Company’s $200.0 million stock repurchase program:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number Of Shares Purchased As Part Of Publicly Announced Plans Or Programs	Approximate Dollar Value Of Shares That May Yet Be Purchased Under The Plans Or Programs
07/01/2015 – 07/31/2015	-	-	-	200,000,000
08/01/2015 – 08/31/2015	1,240,633	$ 29.20	1,240,000	163,787,951
09/01/2015 – 09/30/2015	910,427	30.95	910,000	135,621,708
Total	2,151,060	$ 29.94		

For equity compensation plan information, please refer to our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 5. Other Information

On November 5, 2015, the Company amended its employment agreement with Aaron Jagdfeld, its Chief Executive Officer. The amendment provides that the term of the agreement will extend until November 5, 2018 and removes the previous evergreen renewal term which provided for automatic one-year renewals unless the Company provided notice within 90 days of the expiration date that it did not intend to renew the agreement. A copy of the employment agreement, as amended, is attached as Exhibit 10.1 to this Report.

Item 6. Exhibits

See “Exhibit Index” for documents filed herewith and incorporated herein by reference.

SIGNATURES

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

GENERAC HOLDINGS INC.

By: /s/ YORK A. RAGEN

YORK A. RAGEN

Chief Financial Officer

(Duly Authorized Officer and Principal Financial and Accounting Officer)

Dated: November 6, 2015

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Item 6. **EXHIBIT INDEX**

Exhibits Number	Description
10.1*	Amended Employment Agreement between the Company and Aaron Jagdfeld, President and Chief Executive Officer, dated November 5, 2015.
10.2*	Terms of Employment for Patrick Forsythe, Executive Vice President – Global Engineering, as set forth in Offer of Employment Letter dated May 27, 2015.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) related Notes to Condensed Consolidated Financial Statements.

* Filed herewith.
** Furnished herewith.

Exhibit 10.1

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "***Agreement***") is made as of November 5, 2015 (the "***Effective Date***"), between GENERAC POWER SYSTEMS, INC. (the "***Company***") and Aaron Jagdfeld ("***Executive***").

RECITALS:

WHEREAS, the Company and Executive are party to that certain Employment Agreement dated as of November 10, 2006, which was subsequently amended and restated as of January 14, 2010; and

WHEREAS, the Company desires that Executive continue his service to the Company pursuant to the terms hereinafter set forth, and Executive desires to continue to serve the Company in accordance with such terms.

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment.

(a) Executive shall be employed by the Company and shall have the titles of President and Chief Executive Officer of the Company and President and Chief Executive Officer of Generac Holdings Inc. ("**Holdings**"). Executive shall report directly to the Board of Directors of Holdings (the "**Board**") and shall have such authority, duties and responsibilities as are commensurate with Executive's position. Executive shall devote substantially all of his professional time to the Company in performing such duties and responsibilities.

(b) Executive shall perform substantially all of his duties under this Agreement at the Company's Waukesha, Wisconsin office. In addition to the duties described in Section l(a) hereof, Executive may be appointed as a director of the Company or its parent entities. Such additional positions shall be performed, and appointments accepted by Executive, without additional compensation or remuneration.

(c) The Executive acknowledges and agrees that he owes a fiduciary duty of loyalty to the Company to discharge his duties and otherwise act in a manner consistent with the best interests of the Company and its parent entities. During the Employment Period (as defined hereinafter), except with the prior consent of the Board (excluding the Executive if he should be a member of the Board at the time of such determination), the Executive shall devote his best efforts and substantially all of his working time, attention and energies to the performance of his duties and responsibilities under this Agreement (except for vacations to which he is entitled pursuant to Section 3(e) hereof and except for illness or incapacity).

2. Term of Employment. The term of this Agreement shall commence on the Effective Date hereof and shall continue until the third (3rd) anniversary of the Effective Date, unless terminated earlier as hereinafter provided (the "***Employment Period***").

3. Base Salary and Benefits.

(a) *Base Salary*. Commencing as of the Effective Date, and thereafter during the Employment Period, Executive's base salary shall be $750,000 per annum, which amount may, but shall not be required to be, increased by the Compensation Committee of the Board (or, if no such committee exists, the Board) from time to time in accordance with the compensation policies and practices of the Company (as so adjusted from time to time, the "***Base Salary***"). The Base Salary shall be payable in regular installments in accordance with the Company's standard payroll practices and shall be subject to customary withholding.

(b) *Business Expenses*. Upon presentation of receipts or other appropriate documentation therefor, the Company shall reimburse Executive for all reasonable expenses incurred by him during the Employment Period in the course of performing his duties under this Agreement, to the extent consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses.

(c) *Employee Benefits*. Except as otherwise set forth herein, Executive shall be entitled to participate in any employee benefit plan or program of the Company on a basis comparable to other senior executives of the Company.

(d) *Annual Bonus*. Commencing on the Effective Date, Executive shall be eligible, during the Employment Period, to receive an annual bonus (the "***Annual Bonus***") based on such criteria as is determined in accordance with the Company's annual incentive bonus plan. Executive's target Annual Bonus shall be equal to 75% of Base Salary.

(e) *Vacation*. Executive shall be entitled to vacation time with compensation of twenty (20) days per annum during the Employment Period. Executive shall also be entitled to all paid holidays given by the Company to its senior officers.

4. Termination.

(a) *Termination Rights*. Executive's employment hereunder may be terminated upon the occurrence of any of the following events and/or for the following reasons:

(i) *Death of Executive*. Executive's employment hereunder shall terminate upon his death.

(ii) *Disability of Executive*. The Company shall have the right to terminate Executive's employment hereunder if the Executive is or becomes Disabled (as defined below) during the Employment Period, shall be absent from his duties with the Company on a full time basis for one hundred eighty (180) consecutive days, and, within thirty (30) days after delivery of Notice of Termination by the Company, the Executive shall not have returned to the performance of his duties hereunder on a full time basis. For purposes of this Agreement, "***Disabled***" shall mean: (A) that Executive qualifies for benefits due to total disability on the part of the Executive under the Company's long-term disability plan, as in effect from time to time; or (B) in the event that the Company has no such long-term disability plan in effect on any date of determination, that

Executive is unable, as a result of a medically determinable physical or mental illness, to perform the duties and services of his position.

(iii) *Cause*. The Company shall have the right to terminate Executive's employment for Cause. For purposes of this Agreement, "***Cause***" shall mean:

(A) the willful and continued failure by Executive substantially to perform his duties hereunder (other than such failure resulting from his becoming Disabled), after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which Executive has not substantially performed his duties, and Executive has not remedied such failure within a reasonable time after receipt of such written notice; for purposes of this paragraph, no act, or failure to act, on Executive's part will be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that his action or omission was in the best interest of the Company;

(B) Executive's gross negligence or willful misconduct in the performance of his duties as an employee of the Company;

(C) Executive's commission of fraud, embezzlement, misappropriation of funds, breach of fiduciary duty or a material act of dishonesty against the Company;

(D) the indictment of Executive for a felony; or

(E) the drug addiction or habitual intoxication of Executive that adversely effects Employee's job performance and duties hereunder, or the reputation or best interests of the Company.

(iv) *Good Reason*. The Executive shall have the right to terminate his employment with the Company for Good Reason. For purposes of this Agreement, "***Good Reason***" shall mean:

(A) a reduction, in excess of five percent (5%), of Executive's Base Salary as in effect from time to time or target Annual Bonus opportunity, excluding across the board reductions affecting all senior executives of the Company;

(B) a material diminution in Executive's duties or responsibilities not cured by the Company within twenty (20) days after written notice to the Company delivered within ninety (90) days of the occurrence of such diminution and in accordance with Section 9 hereof;

(C) a failure of the Company to make available to Executive the type of employee benefits which are available to Executive as of the Effective Date;

(D) a requirement by the Company that Executive be based in an office that is located more than fifty (50) miles from Executive's principal place of employment as of the Effective Date; or

(E) a material breach of any material term or condition of this Agreement by the Company not cured within twenty (20) days after written notice to the Company delivered within ninety (90) days of the occurrence of such breach and in accordance with Section 9 hereof.

(v) *Without Cause or Good Reason*. The Company shall have the right to terminate Executive's employment hereunder without Cause and the Executive shall have the right to terminate his employment with the Company without Good Reason. If the Company elects not to extend the Employment Period in accordance with Section 2 hereof, such termination shall be deemed to be a termination by the Company without Cause and shall be treated as such for purposes of this agreement, including Section 5(d) hereof. If Executive elects not to extend the Employment Period in accordance with Section 2 hereof, such termination shall be deemed to be a termination by Executive without Good Reason and shall be treated as such for purposes of this agreement, including Section 5(c) hereof.

(b) *Notice of Termination*. Any termination of Executive's employment pursuant to any of Sections 4(a)(ii)-(v) above shall be communicated by written "Notice of Termination" to the non-terminating party delivered in accordance with Section 10 below. For purposes of this Agreement, "***Notice of Termination***" shall mean a notice by a terminating party which shall indicate the specific termination provision hereunder pursuant to which Executive's employment is being terminated.

(c) *Termination Date*. In connection with any termination of Executive's employment pursuant to any of Sections 4(a)(i)-(v) above, Executive's employment with the Company shall terminate on the Termination Date. For purposes of this Agreement, "***Termination Date***" shall mean (i) if Executive's employment is terminated due to his death, the date of his death, (ii) if Executive's employment is terminated because Executive is or becomes Disabled, the date specified by the Company in the related Notice of Termination (which shall, in no event, be less than thirty (30) days after delivery of such Notice of Termination), (iii) if Executive terminates his employment without Good Reason, thirty (30) days following the date on which a Notice of Termination is given or such earlier date as is determined by the Company, and (iv) if Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date (within thirty (30) days after the giving of such notice) set forth in the related Notice of Termination.

5. Effect of Termination.

(a) *Death of Executive*. Upon termination of Executive's employment due to the death of Executive during the Employment Period, Executive's surviving spouse and dependents or, if none, his estate, shall be entitled to receive from the Company (i) any accrued but unpaid Base Salary and vacation pay through the Termination Date, payable within thirty (30) days following such Termination Date (the "**Accrued Obligations**") and (ii) any earned Annual Bonus for the fiscal year during which the Termination Date occurred (and the Annual Bonus for the prior fiscal year, if earned but not yet paid), payable in accordance with the Company's usual bonus payment schedule. In addition, Executive's surviving spouse and dependents shall be entitled to continued participation in the Company's medical, hospitalization, dental, and life insurance programs in which Executive participated immediately prior to the Termination Date (collectively, "**Continued Benefits**") at the Company's expense for a period of eighteen (18) months following such Termination Date.

(b) *Disability of Executive*. In the event of termination of Executive's employment due to the Executive being or becoming Disabled, Executive shall be entitled to receive from the Company (i) the Accrued Obligations, which shall be paid within thirty (30) days following such Termination Date and (ii) any earned Annual Bonus for the fiscal year during which the Termination Date occurred (and the Annual Bonus for the prior fiscal year, if earned but not yet paid), payable in accordance with the Company's usual bonus payment schedule. In addition, Executive shall be entitled to continue to receive installments of Executive's then current Base Salary and Continued Benefits at the Company's expense from the Termination Date until the later to occur of (A) the six (6) month anniversary thereof and (B) the date on which Executive becomes entitled to long-term disability benefits under the applicable plan or program of the Company, which shall be payable (in the case of Base Salary) or provided (in the case of Continued Benefits) in accordance with the usual payroll and benefits policies of the Company.

(c) *Termination for Cause; Termination without Good Reason*. Upon the termination of Executive's employment either by the Company for Cause, or by Executive without Good Reason, the Company shall pay to Executive (i) the Accrued Obligations within thirty (30) days following such Termination Date and (ii) any earned Annual Bonus for the fiscal year during which the Termination Date occurred (and the Annual Bonus for the prior fiscal year, if earned but not yet paid), payable in accordance with the Company's usual bonus payment schedule. Payments made pursuant to clause (ii) directly above shall be subject to Executive executing an effective general release and waiver of all claims against the Company, it Affiliates, and their respective officers and directors substantially in the form attached hereto as Exhibit A (the "**Release**") within sixty (60) days following the Termination Date and Executive's continued compliance with the Confidentiality, Non-Competition and Intellectual Property Agreement (as defined below).

(d) *Termination without Cause; Termination for Good Reason*. Upon the termination of Executive's employment either by Executive with Good Reason, or by the Company without Cause, Executive shall be entitled to receive from the Company (i) the Accrued Obligations, which shall be paid within thirty (30) days following such Termination Date, (ii) any earned Annual Bonus for the fiscal year during which the Termination Date occurred (and the Annual Bonus for the prior fiscal year, if earned but not yet paid), payable in accordance with the Company's usual bonus payment schedule, (iii) continued payment of Executive's Base Salary for a period of twenty-four (24) months commencing on the Termination Date, payable in accordance with the standard payroll practices of the Company, and (iv) an amount equal to two (2) times Executive's target Annual Bonus for the year during which the Termination Date occurred, payable in equal installments over a period of twenty-four (24) months commencing on the Termination Date and in accordance with the standard payroll practices of the Company. In addition, Company shall maintain the Continued Benefits in full force and effect, for the continued benefit of Executive, his spouse and his dependents for a period of twenty-four (24) months commencing on the Termination Date, and Executive shall be entitled to full COBRA rights following the termination of such Continued Benefits. If Executive elects to utilize rights under COBRA after the Termination Date, Executive shall be responsible for all premiums in respect thereof, as permitted by law. Payments made pursuant to clause (ii) and (iii) directly above shall be subject to Executive executing an effective Release within sixty (60) days following the Termination Date and Executive's continued compliance with the Non-Competition Agreement (as defined below). Notwithstanding the foregoing, in the event that any Continued Benefits are prohibited by the terms of such programs or by applicable law, the Company shall

reimburse Executive (or his surviving spouse and dependents if applicable) for the cost of obtaining comparable coverage.

(e) *Interaction with Other Agreements*. If Executive is eligible to receive termination payments and benefits under the terms of a severance agreement between Executive and the Company, Executive shall not be eligible to receive any termination payments or benefits under the terms of Section 5(d) hereof.

6. Confidentiality, Non-Compete, Non-Solicit/Hire and Intellectual Property Agreement. Simultaneously with the execution and delivery of this Agreement, the Company and Executive shall execute and deliver the confidentiality, non-competition and intellectual property agreement in the form attached hereto as Exhibit B, dated as the date hereof, by and between the Company and Executive (the "**Confidentiality, Non-Competition and Intellectual Property Agreement**").

7. Executive's Representations. Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive do not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound, and (ii) upon the execution and delivery of this Agreement by the parties, this Agreement will be the valid and binding obligation of Executive, enforceable in accordance with its terms, except to the extent the enforceability thereof may be limited by bankruptcy laws, insolvency laws, reorganization laws or other laws affecting creditors' rights generally or by general equitable principles, Executive hereby acknowledges and represents that he has had the opportunity to consult with independent legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

8. Indemnification. Subject to applicable law, Executive shall be entitled to the benefit of such indemnification rights as may from time to time exist under the terms of the Company's organizational documents and to such liability insurance as the Company may purchase for its senior officers from time to time.

9. Notices. Any notice provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally (whether by overnight courier or otherwise) with receipt acknowledged or sent by registered or certified mail or equivalent, if available, postage prepaid, or by fax (which shall be confirmed by a writing sent by registered or certified mail or equivalent on the same day that such fax was sent), addressed to the parties at the following addresses or to such other address as such party shall hereafter specify by notice to the other:

Notices to the Company:

Generac Power Systems, Inc.
P.O. Box 295
Waukesha, WI 53187
Attention: Chief Financial Officer and Chairman of the Audit Committee

If to the Executive, to him at his most recent address in the Company's records.

10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

11. Complete Agreement. This Agreement, together with any other agreements referred to herein (and any exhibits, schedules or other documents referred to herein or therein) constitutes the complete agreement and understanding among the parties and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, whether in term sheets, presentations or otherwise, relating to the subject matter hereof.

12. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

13. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

14. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, successors and assigns, except that Executive may not assign his rights or delegate his obligations hereunder without the prior written consent of the Company.

15. Choice of Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than the State of Wisconsin.

16. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

17. Arbitration. Any controversy or claim arising out of or relating to this Agreement, the making, interpretation or the breach thereof shall be settled by arbitration in Milwaukee, Wisconsin in accordance with the rules and procedures of the Employment Dispute Resolution Rules of the American Arbitration Association then in effect.

18. Legal Fees and Expenses. The Company agrees to pay, as incurred, to the full extent permitted by law, all reasonable legal fees and expenses which Executive may reasonably incur in connection with the negotiation and documentation of the arrangements set forth herein.

19. Tax Withholding. The parties agree to treat all amounts paid to Executive hereunder as compensation for services. Accordingly, the Company may withhold from any amount payable

under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

20. Section 409A Compliance.

(a) *Six Month Delay for Specified Employees*. If any payment, compensation or other benefit provided to Executive in connection with his employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A and Executive is a specified employee as defined in Section 409A(2)(B)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after Executive's Termination Date (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to Executive during the period between the date of termination and the New Payment Date shall be paid to Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement. Notwithstanding the foregoing, to the extent that the foregoing applies to the provision of any ongoing welfare benefits to the Executive that would not be required to be delayed if the premiums therefore were paid by Executive, Executive shall pay the full cost of premiums for such welfare benefits during the six-month period and the Company shall pay the Executive an amount equal to the amount of such premiums paid by Executive during such six-month period promptly after its conclusion.

(b) *Compliance*. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code and, accordingly, to the maximum extent permitted, the Agreement shall be interpreted to be in compliance therewith. The Parties acknowledge and agree that the interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A are intended to comply with Section 409A. If, however, any such benefit or payment is deemed to not comply with Section 409A, the Company and Executive agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereof) so that either (i) Section 409A will not apply or (ii) compliance with Section 409A will be achieved; provided, however, that any resulting renegotiated terms shall provide to Executive the after-tax economic equivalent of what otherwise has been provided to Executive pursuant to the terms of this Agreement, and provided further, that any deferral of payments or other benefits shall be only for such time period as may be required to comply with Section 409A. In no event whatsoever shall the Company be liable for any tax, interest or penalties that may be imposed on Executive by Section 409A of the Code or any damages for failing to comply with Section 409A.

(c) *Termination as a Separation from Service*. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment until such termination is also a "separation from service" within the meaning of Section 409A and for purposes of any such provision of this Agreement, references to a "resignation," "termination," "terminate," "termination of employment" or like terms shall mean separation from service.

(d) *Payments for Reimbursements and In-Kind Benefits*. All reimbursements for costs and expenses under this Agreement shall be paid in no event later than the end of the calendar year following the calendar year in which the Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year, provided, however, that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(e) *Payments within Specified Number of Days*. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(f) *Installments as Separate Payment*. If under this Agreement, an amount is paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day written above.

GENERAC POWER SYSTEMS, INC.

/s/ York A. Ragen
Name: York A. Ragen
Title: CFO

EXECUTIVE:

/s/ Aaron Jagdfeld
Name: Aaron Jagdfeld

<u>**Exhibit A**</u>

RELEASE OF CLAIMS

A release is required as a condition for receiving the benefits described in <u>Section 5</u> of the Amended and Restated Employment Agreement between GENERAC POWER SYSTEMS, INC. (the "***Company***") and Aaron Jagdfeld ("***Executive***") dated ___________ (the "***Employment Agreement***"); thus, by executing this release ("***Release***"), you have advised us that you hold no claims against the Company, its predecessors, successors or assigns, affiliates, shareholders or members and each of their respective officers, directors, agents and employees (collectively, the "***Releasees***"), and by execution of this Release you agree to waive and release any such claims, except relating to any compensation, severance pay and benefits described in the Employment Agreement.

You understand and agree that this Release will extend to all claims, demands, liabilities and causes of action of every kind, nature and description whatsoever, whether known, unknown or suspected to exist, which you ever had or may now have against the Releasees in your capacity as an employee of the Company, including, without limitation, any claims, demands, liabilities and causes of action arising from your employment with the Releasees and the termination of that employment, including any claims for severance or vacation pay, business expenses, and/or pursuant to any federal, state, county, or local employment laws, regulations, executive orders, or other requirements, including, but not limited to, Title VII of the 1964 Civil Rights Act, the 1866 Civil Rights Act, the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Workers Adjustment and Retraining Notification Act and any other local, state or federal fair employment laws, and any contract or tort claims.

You understand and agree that this Release is intended to include all claims by you or on your behalf alleging discrimination on the basis of race, sex, religion, national origin, age, disability, marital status, or any other protected status or involving any contract or tort claims based on your termination from the Company. It is also acknowledged that your termination is not in any way related to any work-related injury.

It also is understood and agreed that the remedy at law for breach of the Employment Agreement and/or this Release shall be inadequate, and the Company shall be entitled to injunctive relief in respect thereof.

Your ability to receive payments and benefits under the terms of the Employment Agreement will remain open for a 21-day period after your Termination Date to give you an opportunity to consider the effect of this Release. At your option, you may elect to execute this Release on an earlier date. Additionally, you have seven days after the date you execute this Release to revoke it. As a result, this Release will not be effective until eight days after you execute it. We also want to advise you of your right to consult with legal counsel prior to executing a copy of this Release.

Finally, this is to expressly acknowledge:

- You understand that you are not waiving any claims or rights that may arise after the date you execute this Release.
- You understand and agree that the compensation and benefits described in the Employment Agreement offer you consideration greater than that to which you would otherwise be entitled.

I hereby state that I have carefully read this Release and that I am signing this Release knowingly and voluntarily with the full intent of releasing the Releases from any and all claims, except as set forth herein. Further, if signed prior to the completion of the 21 day review period, this is to acknowledge that I knowingly and voluntarily signed this Release on an earlier date.

______________________________	______________________________
Date:	Aaron Jagdfeld:

SIGNATURE PAGE TO
A JAGDFELD RELEASE AGREEMENT

Exhibit B

CONFIDENTIALITY, NON-COMPETITION AND INTELLECTUAL PROPERTY AGREEMENT

CONFIDENTIALITY, NON-COMPETITION AND INTELLECTUAL PROPERTY AGREEMENT (this "**Agreement**"), dated as of _______________, (the "***Effective Date***"), by and between GENERAC POWER SYSTEMS, INC. (together with its successors, assigns and affiliates, the "***Company***") and Aaron Jagdfeld ("***Executive***").

WHEREAS, Executive has entered into an amended and restated employment agreement dated as of the date hereof with the Company (the "***Employment Agreement***"). In connection with his performance of his duties and obligations under the Employment Agreement, Executive has and will receive specific confidential information relating to the business of the Company, which confidential information is necessary to enable Executive to perform Executive's duties. Executive will play a significant role in the development and management of the businesses of the Company and has and will be entrusted with confidential information relating to the Company and its customers, suppliers, subcontractors, employees and others; and

WHEREAS, it is a condition to the execution of the Employment Agreement, dated as of the date hereof, by and between Executive and the Company, that Executive execute and deliver this Agreement simultaneously with the execution and delivery of the Employment Agreement.

NOW, THEREFORE, it is mutually agreed as follows:

1. Confidentiality.

(a) Confidential Information. In addition to all duties of loyalty imposed on Executive by law, during the term of Executive's employment with the Company and thereafter, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company.

(b) Trade Secrets. During his employment with the Company, Executive shall preserve and protect all Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

(c) Procedures. In the event that Executive is requested or required (by deposition, interrogatories, requests for information or documents in legal proceedings, subpoenas, civil demand or similar process) to disclose any Confidential Information or Trade Secrets, Executive will give the Company prompt written notice of such request or requirement so that the Company may seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this Agreement, and Executive will cooperate with the Company's efforts to obtain such protective order. In the event that such protective order or other remedy is not obtained or the Company waives compliance with the relevant provisions of this Agreement, Executive is permitted to furnish that Confidential Information or Trade Secrets which is legally required to be disclosed and will use his reasonable efforts to obtain assurances that confidential treatment will be accorded to such information.

As used in this Agreement, all capitalized terms used without definition shall have the meanings ascribed to them in the Employment Agreement. In addition, the following terms have the meanings set forth below:

"***Competitive Business***" means any corporation, partnership, association, or other person or entity, including but not limited to Executive, (i) which competes directly, or is planning to compete directly, with the Company with respect to the design, development, manufacture, remanufacture, assembly, marketing, sales, or service of standby power products, or any other business of the Company, that was within Executive's management, operational, marketing, purchasing or sales responsibility, including the responsibility of personnel reporting directly to Executive, or about which Executive received any Confidential Information or Trade Secrets at any time within eighteen (18) months prior to termination of Executive's employment with the Company, and (ii) which engages or plans to engage in such competition in any state of the United States in which the Company sold or distributed, or actively attempted to sell or to distribute, such products within eighteen (18) months prior to termination of Executive's employment with the Company.

"***Confidential Information***" shall mean information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's employment with the Company, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, computer programs and other confidential technical or business information and data. Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure by Executive in violation of this Agreement or (ii) becomes available to Executive on a non-confidential basis from a source other than the Company which is not prohibited from disclosing such information to Executive by a legal, contractual or fiduciary obligation to the Company or any other person.

"***Goodwill***" means any tendency of customers, distributors, representatives, employees, or federal, state, local or foreign governmental entities to continue or renew any valuable business relationship with the Company, based in whole or in part on past successful relationships with the Company or the lawful efforts of the Company to foster such relationships, and in which Executive, or any personnel reporting directly to Executive, actively participated at any time within eighteen (18) months prior to termination of Executive's employment with the Company.

"***Trade Secret(s)***" means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

(d) Return of Property. Executive further agrees to take all reasonable measures to prevent unauthorized persons or entities from obtaining or using Confidential Information or Trade Secrets. Promptly upon termination of his employment with the Company, Executive agrees to deliver to the Company all property and materials within Executive's possession or control which belong to the Company or which contain Confidential Information or Trade Secrets.

2. Non-Competition; Non-Solicitation.

(a) Non-Competition. During the term of Executive's employment with the Company and for twenty-four (24) months following the termination of such employment for any reason (the "***Restricted Period***"), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business in any capacity in which, in the absence of this Agreement, Confidential Information, Trade Secrets or Goodwill of the Company would reasonably be considered useful.

(b) Non-Solicitation. During the Restricted Period, Executive shall not, directly or indirectly, on behalf of any Competitive Business, either by himself or by providing substantial assistance to others, solicit to terminate employment with the Company, or to accept or begin employment with or service to any Competitive Business, any employee of the Company whom Executive supervised or about whom Executive gained Confidential Information at any time during the last eighteen (18) months of Executive's employment with the Company.

3. No Right to Continued Employment. Nothing in this Agreement shall confer upon Executive any right to continue in the employ of the Company or shall interfere with or restrict in any way the rights of the Company, which, subject to the terms of the Employment Agreement, are hereby reserved, to discharge Executive at any time for any reason whatsoever, with or without Cause.

4. No Conflicting Agreements. Executive warrants that Executive is not bound by the terms of a confidentiality agreement, non-competition or other agreement with a third party that would conflict with Executive's obligations hereunder.

5. Remedies.

(a) In the event of breach or threatened breach by Executive of any provision hereof, the Company shall be entitled to seek temporary or preliminary injunctive relief or other equitable relief, without the posting of any bond or other security.

(b) The period of time during which the restrictions set forth in Section 2 hereof will be in effect will be extended by the length of time during which Executive is in breach of the terms of those provisions as finally determined by an arbitrator or any court of competent jurisdiction.

6. Successors and Assigns. This Agreement shall be binding upon Executive and Executive's heirs, assigns and representatives and inure to the benefit of the Company and its successors and assigns, including without limitation any entity to which substantially all of the assets or the business of the Company are sold or transferred. The obligations of Executive are personal and shall not be assigned by Executive.

7. Severability. It is expressly agreed that if any restrictions set forth in this Agreement are found by any court having jurisdiction to be unreasonable because they are too broad in any respect, then and in each such case, the remaining provisions herein contained shall, to the greatest extent permissible under applicable law, nevertheless, remain effective, and this Agreement, or any portion hereof, shall, to the extent permitted by applicable law, be considered to be amended, so as to be considered reasonable and enforceable by such court, and the court

shall specifically have the right to restrict the time period or the business or geographical scope of such restrictions to any portion of the time period, business or geographic areas to the extent the court deems such restriction to be necessary to cause the covenants to be enforceable and, in such event, the covenants shall be enforced to the extent so permitted and the remaining provisions shall be unaffected thereby. In such event, the parties hereto agree to execute all documents necessary to evidence such amendment so as to eliminate or modify any such unreasonable provision in order to carry out the intent of this Agreement insofar as possible and to render this Agreement enforceable in all respects as so modified. The covenants contained herein shall be construed to extend to separate jurisdictions or sub-jurisdictions of the United States in which the Company, during the term of Executive's employment, have been or are engaged in business, and to the extent that any such covenant shall be illegal and/or unenforceable with respect to any jurisdiction, said covenant shall not be affected thereby with respect to each other jurisdiction, such covenants with respect to each jurisdiction being construed as severable and independent. The restrictive covenant provisions of this Agreement shall govern to the extent there is any conflict between their terms and the terms of any other agreement or understanding with the Company.

8. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and be deemed given when delivered by hand or received by registered or certified mail, postage prepaid, or by nationally reorganized overnight courier service addressed to the party to receive such notice at the following address or any other address substituted therefor by notice pursuant to these provisions:

If to the Company:

Generac Power Systems, Inc.
P.O. Box 295
Waukesha, WI 53187
Attention: Chief Financial Officer and Chairman of the Audit Committee

If to the Executive, to her at her most recent address in the Company's records.

9. Amendment. No provision of this Agreement may be modified, amended, waived or discharged in any manner except by a written instrument executed by the Company and Executive.

10. Waiver. The failure of the Company to enforce at any time any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor in any way affect the validity of this Agreement or any provision hereof or the right of the Company to enforce thereafter each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement by the Company shall be effective unless set forth in a written instrument executed by the Company, and no waiver of any such breach shall be construed or deemed to be a waiver of any other or subsequent breach.

11. Applicable Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Wisconsin or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Wisconsin.

12. Enforcement. If any party shall institute legal action to enforce or interpret the terms and conditions of this Agreement or to collect any monies hereunder, venue for any such action shall be the State Wisconsin. Each party irrevocably consents to the jurisdiction of the courts located in the State of Wisconsin for all suits or actions arising out of this Agreement. Each party hereto waives to the fullest extent possible, the defense of an inconvenient forum, and each agrees that a final judgment in any action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day written above.

GENERAC POWER SYSTEMS, INC.

____
Name:
Title:

EXECUTIVE:

____
Name: Aaron Jagdfeld

SIGNATURE PAGE TO
A JAGDFELD CONFIDENTIALITY AGREEMENT

Read more: http://www.faqs.org/sec-filings/100129/GENERAC-HOLDINGS-INC_S-1.A/a2196063zex-10_65.htm#ixzz1QIOvS9pP

Exhibit 10.2

Summary of Employment Arrangement with Patrick Forsythe, Executive Vice President – Global Engineering

1. Term – Employment at will, beginning July 2, 2015

2. Compensation - $350,000 annually. Salary is eligible for review in 2016 in accordance with Generac's normal policies.

3. Executive Management Incentive Program (EMIP). Employee is eligible to participate in the EMIP with target bonus of 50% of salary opportunity to earn up to 125% of base salary annually. Guaranteed 1 times salary bonus for 2015.

4. Long-Term Incentive Compensation (LTIP). Employee is eligible to participate in Generac's LTIP program.

5. Sign On Equity Grant. Employee received 17,634 shares of common stock and 41,786 options to purchase common stock at a purchase price of $28.355 per share as a sign-on bonus. All shares and options are subject to the Company's Equity Incentive Plan.

6. Benefits. Employee is eligible for the Generac benefits plan on the same terms as other employees.

7. Vacation. Vacation accrues at a rate of three weeks/year through year 9.

   Thereafter,

Years of Service	Weeks of vacation
10-24	4
25-29	5
30+	6

8. Relocation bonus of $25,000

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aaron Jagdfeld, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Generac Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

/s/ Aaron Jagdfeld

Name: Aaron Jagdfeld

Title: *Chief Executive Officer*

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, York A. Ragen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Generac Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

/s/ York A. Ragen

Name: York A. Ragen

Title: *Chief Financial Officer*

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Generac Holdings Inc. (the “Company”), does hereby certify that to my knowledge:

1. the Company's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Company's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2015 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2015

/s/ Aaron Jagdfeld

Name: Aaron Jagdfeld

Title: *Chief Executive Officer*

Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Generac Holdings Inc. (the “Company”), does hereby certify that to my knowledge:

1. the Company's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Company's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2015 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2015

/s/ York A. Ragen

Name: York A. Ragen

Title: *Chief Financial Officer*