GENERAL MOTORS ACCEPTANCE CORP
Form 424B3
June 23, 2003

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-58446

Subject to Completion

Preliminary Prospectus Supplement dated June 20, 2003

PROSPECTUS SUPPLEMENT

(To Prospectus Dated April 20, 2001)

$

General Motors Acceptance Corporation

% Notes due

The % notes will mature on . Interest will accrue from , 2003 at the rate of % per year payable semi-annually in arrears on and of each year, commencing on , 2003. The notes will not be redeemable prior to maturity unless certain events occur involving United States taxation.

Application has been made to list the notes on the Luxembourg Stock Exchange.

	Per Note	Total
Public Offering Price (1)	%	$
Underwriting Discount	%	$
Proceeds, before expenses, to General Motors Acceptance Corporation	%	$

(1) Plus accrued interest from , 2003 if settlement occurs after that date.

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

The notes will be ready for delivery on the closing date in book-entry form only through The Depository Trust Company, including for the accounts of the Euroclear System or Clearstream Banking, *société anonyme,* Luxembourg on or about , 2003.

Joint Book-Running Managers

Morgan Stanley

Banc of America Securities LLC

Banc One Capital Markets, Inc.

Bear, Stearns & Co. Inc.

JPMorgan

The date of this Prospectus Supplement is , 2003.

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, and is subject to completion or amendment. This preliminary prospectus supplement and the accompanying prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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Prospectus Supplement

Prospectus

Unless the context indicates otherwise, the words GMAC , we , our , ours and us refer to General Motors Acceptance Corporation.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you different information or to make any additional representations. We are not, and the underwriters are not, making an offer of any securities other than the Notes. This prospectus supplement is part of and must be read in conjunction with the accompanying prospectus dated April 20, 2001. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference, is accurate as of any date other than the date on the front cover of this prospectus supplement.

We will deliver the Notes to the underwriters at the closing of this offering when the underwriters pay us the purchase price of the Notes. The underwriting agreement provides that the closing will occur on , 2003, which is five business days after the date of the prospectus supplement. Rule 15c6-1 under the Securities Exchange Act of 1934 generally requires that securities trades in the secondary market settle in three business days, unless the parties to a trade expressly agree otherwise.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes may be restricted in certain jurisdictions. You should inform yourself about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This prospectus supplement and the accompanying prospectus include particulars given in compliance with the rules governing the listing of securities on the Luxembourg Stock Exchange. We accept full responsibility for the accuracy of the information contained in this prospectus supplement and the accompanying prospectus and, having made all reasonable inquiries, confirm that to the best of our knowledge and belief there are no other facts the omission of which would make any statement contained in this prospectus supplement and the accompanying prospectus misleading.

Unless otherwise specified or the context otherwise requires, references in this prospectus supplement and accompanying prospectus to dollars , $ and U.S.$ are to United States dollars.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information we file with them, which means that we can disclose important information to you by referring you to those documents, including our annual, quarterly and current reports, that are considered part of this prospectus supplement and accompanying prospectus. Information that we file later with the SEC will automatically update and supersede this information.

We incorporate by reference the documents set forth below that we previously filed with the SEC. These documents contain important information about General Motors Acceptance Corporation and its finances.

SEC Filings	Period
Annual Report on Form 10-K	Year ended December 31, 2002.
Quarterly Report on Form 10-Q	Quarter ended March 31, 2003.
Current Reports on Form 8-K	Filed January 16, 2003, March 7, 2003, April 10, 2003, April 15, 2003, April 23, 2003, June 13, 2003 and June 19, 2003 (2).

You may, at no cost, request a copy of the documents incorporated by reference in this prospectus supplement and accompanying prospectus, except exhibits to such documents, by writing or telephoning the office of L. K. Zukauckas, Controller, at the following address and telephone number:

General Motors Acceptance Corporation

200 Renaissance Center

Mail Code 482-B08-A36

Detroit, Michigan 48265-2000

Tel: (313) 665-4327

This prospectus supplement and accompanying prospectus, together with the documents incorporated by reference, will be available free of charge at the office of Banque Générale du Luxembourg S.A., 50 Avenue J. F. Kennedy, L-2951, Luxembourg.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus may include or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements, other than statements of historical facts, included in this prospectus supplement and the accompanying prospectus that address activities, events or developments that we expect or anticipate will or may occur in the future, references to future success and other matters are forward-looking statements, including statements preceded by, followed by or that include the words may, will, would, could, should, believes, estimates, projects, potential, expects, plans, intends, anticipates, continu or the negative of those words or other comparable words.

These statements are based on GMAC s current expectations and assumptions concerning future events, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, including:

changes in economic conditions, currency exchange rates, significant terrorist attacks or political instability in the major markets where we operate;

changes in the laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;

the threat of terrorism, the outbreak or escalation of hostilities between the United States and any foreign power or territory and changes in international political conditions may continue to affect both the United States and the global economy and may increase other risks; and

we may face other risks described from time to time in periodic reports that we file with the SEC.

Consequently, all of the forward-looking statements made in this prospectus supplement and the accompanying documents are qualified by these cautionary statements and there can be no assurance that the actual results or developments that we anticipate will be realized or, even if realized, that they will have the expected consequences to or effects on us. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not, however, undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

RECENT DEVELOPMENTS

GM Financing Activities

On May 19, 2003, GM issued in a registered offering $1,115,000,000 in aggregate principal amount of 7.375% Senior Notes due May 15, 2048. On May 23, 2003, GM issued in a registered offering $425,000,000 in aggregate principal amount of 7.375% Senior Notes due May 23, 2048. The notes issued in these offerings are general unsecured, unsubordinated obligations of GM. GM has used or will use the net proceeds from these offerings for general corporate purposes, including the repayment of existing indebtedness.

On June 20, 2003, GM announced that it plans to offer an aggregate of approximately $10 billion of debt securities as part of an overall effort to accelerate improvements in its balance sheet and financial flexibility. GM plans to raise approximately $10 billion in these offerings, effectively doubling its original balance-sheet-strengthening target for 2003 to $20 billion from $10 billion and increasing its near-term liquidity to more than $30 billion.

GM expects the offerings to include intermediate- and long-term debt denominated in U.S. dollars and Euros. The offerings of U.S. dollar denominated securities will be registered under the Securities Act. GM expects the Euro denominated securities will be offered outside the United States in transactions not registered under the Securities Act, which securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

None of these offerings by GM is conditioned upon any of the other offerings of GM, or those of GMAC discussed below. This prospectus supplement does not constitute an offer with respect to any securities offered or to be offered by GM.

GMAC Financing Activities

On June 20, 2003, GMAC announced that it plans to offer approximately $3 billion of debt securities in a series of offerings as part of its ongoing funding plan for 2003, intended to be used for general corporate purposes. GMAC also decided to undertake these debt offerings in order to satisfy funding of ongoing operations.

GMAC expects the offerings to include short- and intermediate-term debt denominated in U.S. dollars and Euros. The offerings of U.S. dollar denominated securities will be registered under the Securities Act. GMAC expects the Euro denominated securities will be offered outside the United States in transactions not registered under the Securities Act, which securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

None of these offerings by GMAC is conditioned upon any of the other offerings of GMAC, or those of GM discussed above. This prospectus supplement does not constitute an offer with respect to any securities other than the Notes as described herein.

Ratings Agency Actions

On April 9, 2003, S&P reaffirmed its corporate credit rating (BBB) on GM and revised its outlook on GM and GMAC to negative from stable. S&P also warned that GM s rating was under constant review and could be downgraded without notice.

On April 22, 2003, Dominion Note Rating Service Limited (DBRS) announced that it downgraded its long-term ratings of General Motors group of companies from A to A (low), and changed the trend from negative to stable. Concurrently, DBRS confirmed the commercial paper ratings at R-1 (low) of the (GM) group, all with a continuing stable trend.

On June 13, 2003, Moody s Investors Service, Inc. (Moody s) announced that it had lowered GM s long-term rating from A3 to Baa1, and also lowered GMAC s long-term rating from A2 to A3 and its short-term rating from Prime-1 to Prime-2. Concurrently, Moody s confirmed GM s existing Prime-2 short-term rating. Moody s rating outlook is negative.

On June 19, 2003, Fitch Ratings (Fitch) downgraded its rating of the senior unsecured debt of GM and GMAC from A- to BBB+. Fitch also reaffirmed the corresponding commercial paper ratings at F2. Fitch s rating outlook remains negative.

DIRECTORS OF GMAC

Name	Position
Walter G. Borst	Treasurer, General Motors Corporation
Richard J. S. Clout	Executive Vice President
Gary L. Cowger	President, General Motors North America and Group Vice President, General Motors Corporation
John M. Devine	Vice Chairman and Chief Financial Officer, General Motors Corporation
Eric A. Feldstein	Chairman and President, General Motors Acceptance Corporation and Group Vice President, General Motors Corporation
John E. Gibson	Executive Vice President
William F. Muir	Executive Vice President and Chief Financial Officer
W. Allen Reed	Vice President and Chief Investment Funds Officer, General Motors Corporation
G. Richard Wagoner, Jr	Chairman, and Chief Executive Officer, General Motors Corporation

The above Directors do not hold any significant positions outside of General Motors Corporation, GMAC and their respective subsidiaries.

The business address of each Director and the location of GMAC s principal executive offices is 200 Renaissance Center, Detroit, Michigan 48265-2000, United States.

RATIO OF EARNINGS TO FIXED CHARGES

Three Months Ended March 31,		Year Ended December 31,	
2003	**2002**	**2002**	**2001**
1.64	1.43	1.43	1.38

The ratio of earnings to fixed charges has been computed by dividing earnings before income taxes and fixed charges by the fixed charges.

See Ratio of Earnings to Fixed Charges in the accompanying prospectus for additional information.

CONSOLIDATED CAPITALIZATION OF GMAC

Unaudited

(In millions of U.S. Dollars)

	March 31, 2003
Short-term debt	$ 38,537
Long-term debt	149,580
Fair value adjustment	2,913
Total Debt	$ 191,030
Stockholders Equity	
Common stock, $.10 par value (authorized 10,000 shares, outstanding 10 shares) and paid-in capital	$ 5,641
Retained earnings	12,984
Accumulated other comprehensive loss	(33)
Total stockholders equity	$ 18,592
Total Capitalization	$ 209,622

Note: Guarantees, commitments and contingent liabilities of GMAC are as disclosed on page 67 of the Annual Report on Form 10-K for the year ended December 31, 2002.

There has since March 31, 2003 been no material change in the capitalization and indebtedness of the Company.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected financial data derived from our audited consolidated financial statements for the two years ended December 31, 2002 and 2001 and from unaudited financial statements for the three months ended March 31, 2003. We do not publish non-consolidated financial statements. The following information should be read in conjunction with the consolidated financial statements and related notes incorporated by reference in this prospectus supplement and in the accompanying prospectus. See Incorporation of Certain Documents by Reference in this prospectus supplement and the accompanying prospectus.

	Three Months Ended March 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
	(in millions of U.S. Dollars)		
Balance Sheet Data:			
Assets			
Cash and cash equivalents	$ 9,958	$ 8,103	$ 10,101
Investment securities	13,537	14,605	11,197
Loans held for sale	11,126	14,563	10,187
Finance receivables and loans, net of unearned income			
Consumer	98,007	92,630	69,439
Commercial	46,611	45,246	42,454
Allowance for credit losses	(3,154)	(3,059)	(2,167)
Total finance receivables and loans, net	141,464	134,817	109,726
Investment in operating leases, net	27,841	24,163	25,228
Notes receivable from General Motors	2,582	2,801	4,165
Mortgage servicing rights, net	2,680	2,683	4,840
Premiums and other insurance receivables	1,837	1,742	1,501
Other assets	24,503	24,193	15,776
Total assets	$ 235,528	$ 227,670	$ 192,721
Liabilities			
Debt	191,030	183,091	152,033
Interest payable	2,189	2,719	2,381
Unearned insurance premiums and service revenue	3,720	3,497	2,578
Reserves for insurance losses and loss adjustment expenses	2,168	2,140	1,797
Accrued expenses and other liabilities	14,287	14,837	13,915
Deferred income taxes	3,542	3,555	3,883
Total liabilities	216,936	209,839	176,587
Stockholder s equity			
Common stock, $.10 par value (10,000 shares authorized, 10 shares outstanding) and paid-in capital	5,641	5,641	5,641
Retained earnings	12,984	12,285	10,815
Accumulated other comprehensive loss	(33)	(95)	(322)
Total stockholder s equity	18,592	17,831	16,134
Total liabilities and stockholder s equity	235,528	227,670	192,721

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	Three Months Ended March 31,		Year Ended December 31,	
	2003	2002	2002	2001
	(in millions of U.S. Dollars)			
Income Statement Data:				
Revenue				
Consumer	$ 1,940	$ 1,600	$ 6,952	$ 5,452
Commercial	523	532	2,057	2,859
Loans held for sale	274	211	916	897
Operating leases, net of depreciation	426	556	2,002	2,242
Total financing revenue	3,163	2,899	11,927	11,450
Interest and discount expense	(1,774)	(1,651)	(6,733)	(7,580)
Net financing revenue before provision for credit losses	1,389	1,248	5,194	3,870
Provision for credit losses	(378)	(506)	(2,028)	(1,472)
Net financing revenue	1,011	742	3,166	2,398
Insurance premiums and service revenue earned	732	590	2,689	2,226
Mortgage banking income	838	526	2,064	1,862
Investment income (loss)	80	42	(8)	523
Other income	783	747	3,671	3,388
Total net revenue	3,444	2,647	(868)	(980)

Total cost and expenses	(3,595)	(4,531)
OPERATING INCOME BEFORE INTEREST AND TAXES	119	1,059
Interest and other income	3	-
INCOME BEFORE TAXES	$122	$1,059 8
Provision for taxes	(44)	(381)
NET INCOME	$78	$678
NET INCOME PER SHARE, BASIC AND DILUTED	$0.03	$0.26
DIVIDENDS PER SHARE	$0.10	$0.10
WEIGHTED AVERAGE OF SHARES, basic and diluted	2,578,315	2,578,315

See accompanying notes to financial statements.

MICROPAC INDUSTRIES, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three months ended 2/25/12	Three months ended 2/26/11
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 78	$ 678
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	85	70
Changes in certain current assets and liabilities:		
(Increase)decrease in accounts receivable	(208)	205
Decrease in inventories	17	7
(Increase) decreasein prepaid expenses and other current assets	115	(55)
Decrease in accounts payable	(16)	(61)
Decrease in accrued compensation	(209)	(345)
Decrease in deferred revenue	(136)	(76)
Decrease in other accrued liabilities	(110)	(91)
Increase in income taxes payable	2	374
Net cash provided by (used in) operating activities	(382)	706
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short term investments	(3)	(1,000)
Additions to property, plant and equipment	(64)	(255)
Net cash used in investing activities	(67)	(1,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend	(258)	(258)
Net cash used in financing activities	(258)	(258)
Net change in cash and cash equivalents	(707)	(807)
Cash and cash equivalents at beginning of period	8,488	9,085
Cash and cash equivalents at end of period	$ 7,781	$ 8,278
Supplemental Cash Flow Disclosure:		
Cash paid for income taxes	$ -	$ 7

See accompanying notes to financial statements.

MICROPAC INDUSTRIES, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

Note 1 BASIS OF PRESENTATION

Business Description

Micropac Industries, Inc. (the "Company"), a Delaware corporation, manufactures and distributes various types of hybrid microelectronic circuits, solid state relays, power operational amplifiers, and optoelectronic components and assemblies. The Company's products are used as components in a broad range of military, space and industrial systems, including aircraft instrumentation and navigation systems, power supplies, electronic controls, computers, medical devices, and high-temperature (200o C) products. The Company's products are either custom (being application specific circuits designed and manufactured to meet the particular requirements of a single customer) or standard, proprietary components such as catalog items.

The Company's facilities are certified and qualified by Defense Logistics Agency (DLA) to MIL-PRF-38534 (class K-space level), MIL-PRF-19500 JANS (space level), and MIL-PRF-28750 (class K-space level) and is certified to ISO 9001-2002. Micropac is a NASA core supplier, and is registered to AS9100-Aerospace Industry standard for supplier certification.

The Company's core technology is the packaging and interconnecting of miniature electronic components, utilizing thick film and thin film substrates, and forming microelectronics circuits. Other technologies include light emitting and light sensitive materials and products, including light emitting diodes and silicon phototransistors used in the Company's optoelectronic components and assemblies.

In the opinion of management, the unaudited financial statements include all adjustments (consisting of only normal, recurring adjustments) necessary to present fairly the financial position as of February 25, 2012, the results of operations for the three months ended February 25, 2012and February 26, 2011, and the cash flows for the three monthsended February 25, 2012and February 26, 2011. Unaudited financial statements are prepared on a basis substantially consistent with those audited for the year ended November 30, 2011. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to the rules and regulations promulgated by the Securities and Exchange Commission. However, management believes that the disclosures contained are adequate to make the information presented not misleading.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Revenue Recognition

Revenues are recorded as shipments are made based upon contract prices. Any losses anticipated on fixed price contracts are provided for currently. Sales are recorded net of sales returns, allowances and discounts.

The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 605-10-S99, Revenue Recognition (ASC 605-10-S99). ASC 605-10-S99 requires that four basic criteria must be met before revenues can be recognized: (1) persuasive evidence of an arrangement exists; (2) shipment hasoccurred or services have been rendered; (3) the fee is fixed and determinable;and (4) collectibility is reasonably assured.

Deferred revenue represents prepayments from customers and will be recognized as revenue when the products are shipped per the terms of the contract.

Short-Term Investments

The Company has $2,003,000 in short term investments at February 25, 2012. Short-term investments consist of certificates of deposits with maturities greater than 90 days. These investments are reported at historical cost, which approximates fair value. All highly liquid investments with maturities of 90 days or less are classified as cash equivalents. All short-term investments are securities which the Company has the ability and intent to hold to maturity and mature within one year.

Inventories

Inventories are stated at lower of cost or market value and include material, labor and manufacturing overhead. All inventories are valued using the FIFO (first-in, first-out) method of inventory valuation. The Company writes down obsolete and overstocked inventorybased on the usage of inventory over a three year period and projected usage based on current backlog.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method the Company records deferred income taxes for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The resulting deferred tax liabilities and assets are adjusted to reflect changes in tax law or rates in the period that includes the enactment date.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost, and depreciation is provided using the straight-line method at rates based upon the following estimated useful lives (in years) of the assets:

Buildings	15
Facility improvements	8-15
Machinery and equipment	5-10
Furniture and fixtures	5-8

The Company assesses long-lived assets for impairment under ASC 360-10-35, Property, Plant and Equipment – Subsequent Measurement. When events or circumstances indicate that an asset may be impaired, an assessment is performed. The estimated future undiscounted cash flows associated with the asset are compared to the asset’s net book value to determine if a write down to market value less cost to sell is required.

Repairs and maintenance are expensed as incurred. Improvements which extend the useful life of property, plant, and equipment are capitalized.

Research and Development Costs

Costs for the design and development of new products are expensed as incurred.

Note 3 FAIR VALUE MEASUREMENT

The Company had no financial assets and liabilities measured at fair value on a recurring basis as of February 25, 2012 and November 30, 2011. The fair value of financial instruments such as cash and cash equivalents, short term investments, accounts receivable, and accounts payable approximate their carrying amount based on the short maturity of these instruments. There were no nonfinancial assets measured at fair value on a nonrecurring basis at February 25, 2012 and November 30, 2011.

Note 4 RELATED PARTIES

Mr. Eugene Robinson, a director and member of the Company’s audit committee, provides advisory services to the Company.Mr. Robinson was not paid any advisory services fees in the first quarters of 2012 and 2011.

Note 5STOCK-BASED COMPENSATION

On March 1, 2001, the Company's shareholders approved the 2001 Employee Stock Option Plan (the "Stock Plan") with 500,000 options available to be granted. No options have been granted to date.

Note 6 COMMITMENTS

On June 1, 2011, the Company renewed a $6,000,000 revolving line of credit agreement with a Texasbanking institution for a term of two years. The interest rate is equal to the prime rate. The line of creditrequires that the Company maintain a quick ratio of at least 1:1, maintain a tangible net worth of $10,000,000and maintain a total liabilities to tangible net worth of less than 1.25:1. The Company has not, to date, usedany of the available line of credit. The Company is currently in compliance with such financial requirements,but there is no guarantee that the Company will remain in compliance. If the Company does not maintaincompliance with each of the requirements, its ability to receive advances from the line of credit will beimpaired.

Note 7 EARNINGS PER COMMON SHARE

Basic and diluted earnings per share are computed based upon the weighted average number of shares outstanding during the respective periods.Dilutedearningspersharegive effect to all dilutive potentialcommonshares.For the three months ended February 25, 2012and February 26, 2011, the Company had no dilutive potential common stock.

Note 8 SHAREHOLDERS' EQUITY

On December 16, 2010, the Board of Directors of Micropac Industries, Inc. approved the payment of a special dividend of $0.10 per share for shareholders of record as of January 18, 2011. The dividend was paid to the shareholders on February 10, 2011.

On December 12, 2011, the Board of Directors of Micropac Industries, Inc. approved the payment of a special dividend of $0.10 per share for shareholders of record as of January 18, 2012. The dividend was paid to the Company's shareholders on February 14, 2012.

Note 9 SUBSEQUENT EVENTS

Management has evaluated subsequent events after the balance sheet date, through the issuance of the financial statements, for appropriate accounting and disclosure.

MICROPAC INDUSTRIES, INC.

(Unaudited)

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business

Micropac Industries, Inc. (the "Company"), a Delaware corporation, manufactures and distributes various types of hybrid microelectronic circuits, solid state relays, power operational amplifiers, and optoelectronic components and assemblies. The Company's products are used as components in a broad range of military, space and industrial systems, including aircraft instrumentation and navigation systems, power supplies, electronic controls, computers, medical devices, and high-temperature (200o C) products. The Company's products are either custom (being application specific circuits designed and manufactured to meet the particular requirements of a single customer) or standard, proprietary components such as catalog items.

The Company's facilities are certified and qualified by Defense Logistics Agency (DLA) to MIL-PRF-38534 (class K-space level), MIL-PRF-19500 JANS (space level), and MIL-PRF-28750 (class K-space level) and is certified to ISO 9001-2002. Micropac is a NASA core supplier, and is registered to AS9100-Aerospace Industry standard for supplier certification.

The Company's core technology is the packaging and interconnect of miniature electronic components, utilizing thick film and thin film substrates, and forming microelectronics circuits. Other technologies include light emitting and light sensitive materials and products, including light emitting diodes and silicon phototransistors used in the Company's optoelectronic components and assemblies.

Results of Operations

	Three months ended			
	2/25/2012		2/26/2011	
NET SALES	100.0	%	100.0	%
COST AND EXPENSES:				
Cost of Goods Sold	70.1	%	60.9	%
Research and development	3.3	%	2.7	%
Selling, general & administrative expenses	23.4	%	17.5	%
Total cost and expenses	96.8	%	81.1	%
OPERATING INCOME BEFORE INTEREST AND INCOME TAXES	3.2	%	18.9	%
Interest and other income	0.1	%	0.0	%
INCOME BEFORE TAXES	3.3	%	18.9	%
Provision for taxes	1.2	%	6.8	%
NET INCOME	2.1	%	12.1	%

Sales for the first quarter ended February 25, 2012 totaled $3,714,000. Sales for the first quarter decreased 33.6% or $1,876,000 below sales for the same period of 2011. Sales were 21% in the commercial market, 59% in the military market, and 20% in the space market compared to 21% in the commercial market, 44% in the military market, and 35% in the space market for the same period of 2011. The major decrease in sales was in microcircuits space level products with a delay or decrease in new orders in the space industry and a delay in a new order for a custom military optoelectronics product. The Company received a purchase order of the custom militaryoptoelectronics product in February 2012 with shipments starting in March 2012.

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Two customers accounted for 13% and 10% of the Company's sales for the first quarter of 2012 while one customer accounted for 17%of the Company's sales for the first quarter of 2011.

The Company's management expects sales and operating income to decrease in 2012 as compared to 2011, based on the current backlog of space level product. The Company anticipates new orders for space level products in the second half of 2012, however with long lead times on material purchases the majority of shipments will occur in future years.

Cost of goods sold for the first quarter 2012 versus 2011 totaled 70.1% and 60.9% of net sales, respectively. The increase in cost of goods sold as a percentage of sales resulted from the lower sales overall as well as mix of products with a decrease in sales of products with higher margins. Cost of goods sold decreased $797,000 in the first quarter of 2012 as compared to 2011with a decrease in material cost of $544,000, labor cost of $41,000 and overhead cost of $212,000. The majority of the overhead cost decrease was associated with employees retiring not being replaced.

Research and development cost decreased $27,000 for the first quarter of 2012 compared to the same period of 2011. The research and development expenditures were associated with continued development of power management products.

Selling, general and administrative expenses for the first quarter of 2012 totaled 23.4% of net sales, compared to 17.5% for the same period in 2011. Selling, general and administrative expenses decreased $112,000 in the first quarter of 2012 as compared to 2011.The major decrease was associated with a reduction in overall administrative cost with several administrative employees leaving the Company for other opportunitiesand a reduction in commission expenses with the lower sales.

Provisions for taxes deceased $337,000 for the first quarter of 2012 compared to the same period in 2011. The estimated effective tax rate was 36% for both periods.

Liquidity and Capital Resources

Cash and cash equivalents totaled $7,781,000 as of February 25, 2012 compared to $8,488,000 on November 30, 2011, a decrease of $707,000. The decrease in cash and cash equivalents is primarily attributable to $382,000 cash used in operations, the payment of a cash dividend of $258,000, and the investment of $64,000 in equipment.

On June 1, 2011, the Company renewed a $6,000,000 revolving line of credit agreement with a Texas banking institution for a term of two years. The interest rate is equal to the prime rate. The line of credit requires that the Company maintain a quick ratio of at least 1:1, maintain a tangible net worth of $10,000,000 and maintain a total liabilities to tangible net worth of less than 1.25:1. The Company has not, to date, used any of the available line of credit. The Company is currently in compliance with such financial requirements, but there is no guarantee that the Company will remain in compliance. If the Company does not maintain compliance with each of the requirements, its ability to receive advances from the line of credit will be impaired.

Outlook

New orders for the first quarter of 2012 totaled $4,174,000 compared to $3,953,000 for the comparable period of 2011, an increase of 6%.

Backlog totaled $6,768,000 on February 25, 2012 compared to $9,819,000 as of February 26, 2011 and $6,231,000 on November 30, 2011.

The decrease in backlog is primarily attributable to a delay or decrease in new orders in the space level products during the second half of 2011 and continuing into 2012.The Company anticipates new orders for space level products in the second half of 2012, however with long lead times on material purchases the majority of shipments will occur in future years.The majority of the backlog is shippable in the next twelve months.

The Company cannot assure that the results of operations for the interim period presented are indicative of total results for the entire year due to fluctuations in customer delivery schedules, or other factors over which the Company has no control.

Cautionary Statement

This Form 10-Q contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially. Investors are warned that forward-looking statements involve risks and unknown factors including, but not limited to, customer cancellation or rescheduling of orders, problems affecting delivery of vendor-supplied raw materials and components, unanticipated manufacturing problems and availability of direct labor resources.

The Company produces silicon phototransistors and light emitting diode die for use in certain military, standard and custom products. Fabrication efforts sometimes may not result in successful results, limiting the availability of these components. Competitors offer commercial level alternatives and our customers may purchase our competitors' products if the Company is not able to manufacture the products using these technologies to meet the customer demands. Approximately $2,363,000 of the Company's backlog is dependent on these semiconductors.

The Company disclaims any responsibility to update the forward-looking statements contained herein, except as may be required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Chief Executive Officer and Chief Financial Officer of the Company evaluated the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e)) as of February 25, 2012 and, based on this evaluation, concluded that the Company's disclosure controls and procedures are functioning in an effective manner to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

(b) Changes in internal controls.

There has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the three month period ended February 25, 2012.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any material current or pending legal proceedings.

ITEM 1A RISK FACTORS

Information about risk factors for the three months ended February 25, 2012does not differ materially from that set forth in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended November 30, 2011.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Exhibits

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes- Oxley Act of 2002
31.2 Certification of Chief Accounting Officer 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 pursuant to section 906 of the Sarbanes-Oxley act of 2002.
32.2 Certification of Chief Accounting Officer pursuant to 18 U. S. C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002.
101 Interactive data files pursuant to Rule 405 of Regulation S-T.

SIGNATURES

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

MICROPAC INDUSTRIES, INC.

April 10, 2012	/s/ Mark King
Date	Mark King
	Chief Executive Officer
April 10, 2012	/s/ Patrick Cefalu
Date	Patrick Cefalu
	Chief Financial Officer