

GSI GROUP INC  
Form S-4  
August 15, 2005  
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As filed with the Securities and Exchange Commission on August 15, 2005

Registration No. 333-

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT UNDER**

**THE SECURITIES ACT OF 1933**

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**The GSI Group, Inc.**

**GSI Holdings Corp.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
Delaware  
(State or Other Jurisdiction of Incorporation or  
Organization)

3523  
3523  
(Primary Standard Industrial Classification  
Code Number)

37-0856587  
20-2834198  
(I.R.S. Employer Identification  
Number)

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1004 E. Illinois Street

Assumption, Illinois 62510

(217) 226-4421

(Address, Including Zip Code, and Telephone Number of

Issuer and Guarantor, Including Area Code, of

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Registrant's Principal Executive Offices)

**William Branch**

**The GSI Group, Inc.**

**1004 E. Illinois Street**

**Assumption, Illinois 62510**

**(217) 226-4421**

(Name, Address, Including Zip Code, and Telephone

Number, Including Area Code, of Agent for Service)

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*Copies to:*

**Bruce C. Bennett**

**Covington & Burling**

**1330 Avenue of the Americas**

**New York, NY 10019**

**(212) 841-1000**

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**Approximate date of commencement of proposed sales to the public:** As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

## CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities	Amount To Be Registered	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
<b>To Be Registered</b>	<b>(1)</b>	<b>Per Unit (1)</b>		
12% Senior Notes due 2013	\$110,000,000	100%	\$110,000,000	\$12,947.00(2)
Note Guarantees	(3)	(4)	(4)	(3)
<b>TOTAL</b>	<b>\$110,000,000</b>	<b>100%</b>	<b>\$110,000,000</b>	<b>\$12,947.00</b>

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933.
- (2) Computed in accordance with Section 6(b) of the Securities Act of 1933 by multiplying 0.0001177 by the proposed maximum aggregate offering price.
- (3) GSI Holdings Corp. has guaranteed the payment of all obligations on the notes registered hereby. GSI Holdings Corp. is registering the note guarantees. Pursuant to Rule 457(n) under the Securities Act of 1933, no registration fee is required in respect of the note guarantees.
- (4) Not applicable.

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A) MAY DETERMINE.**

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED AUGUST 15, 2005**

**PROSPECTUS**

**OFFER TO EXCHANGE**

**\$110,000,000 12% Senior Notes due 2013 that have been registered under the Securities Act of 1933 for any and all outstanding unregistered 12% Senior Notes due 2013.**

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We are offering to exchange \$110,000,000 in aggregate principal amount of our 12% Senior Notes due 2013, which we refer to as the exchange notes, for any and all outstanding unregistered 12% Senior Notes due 2013, which we refer to as the original notes. We refer to the exchange notes and the original notes that remain outstanding following the exchange offer as the notes. The terms of the exchange notes will be identical in all material respects to the respective terms of the original notes except that the exchange notes will be registered under the Securities Act of 1933 and, therefore, the transfer restrictions applicable to the original notes will not be applicable to the exchange notes.

Our offer to exchange original notes for exchange notes will be open until 5:00 p.m., New York City time, on ●, 2005, unless we extend the offer.

We will exchange all outstanding original notes that are validly tendered and not validly withdrawn prior to the expiration date of the exchange offer. You should carefully review the procedures for tendering the original notes beginning on page 69 of this prospectus.

If you fail to tender your original notes, you will continue to hold unregistered securities and your ability to transfer them could be adversely affected.

The exchange of original notes for exchange notes pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

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No public market currently exists for the outstanding notes or the exchange notes. We do not intend to list the exchange notes on any national securities exchange or the Nasdaq Stock Market.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal to be used in connection with the exchange offer states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of one year after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution starting on page 68 of this prospectus.

**Investing in the exchange notes involves risks. See Risk Factors beginning on page 17 of this prospectus.**

**We are not asking you for a proxy in connection with the exchange offer and you are requested not to send us a proxy.**

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

**THE DATE OF THIS PROSPECTUS IS •, 2005.**

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We have not authorized any dealer, salesperson or other person to give any information or to make any representation other than that which is contained in this prospectus. You must not rely upon any information or representation not contained in this prospectus as if we had authorized it. This prospectus does not constitute an offer to sell or solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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**MARKET AND INDUSTRY DATA**

Industry and market data included in this prospectus were obtained from our own research, studies conducted by third parties and industry and general publications published by third parties and, in some cases, are management estimates based on industry and other knowledge. We do not make any representations as to the accuracy of such information. While we believe internal company estimates are reliable and market definitions are appropriate, they have not been verified by any independent sources, and we do not make any representations as to the accuracy of such estimates. We have included industry and market data from the United States Department of Agriculture's (USDA's) Baseline Projections to 2014 report, dated February 2005, which we refer to in this prospectus as the 2005 USDA Report. References in this prospectus to the USDA such as according to the USDA refer to information in the 2005 USDA Report and other data published by the USDA.

**FORWARD-LOOKING INFORMATION SAFE HARBOR STATEMENT**

All statements other than statements of historical facts or current facts included in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, believe or continue or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus.

We urge you to review carefully the section Risk Factors beginning on page 17 of this prospectus for a more complete discussion of the risks of investing in the notes. All subsequent written and oral forward-looking statements attributable to us, or persons acting on any of our behalf, are expressly qualified in their entirety by the cautionary statements.

**ADDITIONAL INFORMATION**

We are obligated by the indenture governing the notes to file annual, quarterly and current reports and other information with the SEC. See Available Information. You may request a copy of these documents at no cost by writing or calling us at The GSI Group, Inc., 1004 E. Illinois Street, Assumption, Illinois 62510, Attention: Vice President of Finance, Phone: (217) 226-4421. Our SEC filings are also available to the public from the SEC's web site at [www.sec.gov](http://www.sec.gov).

**Table of Contents****SUMMARY**

*The following summary contains basic information about this offering. It may not contain all of the information that is important to you and it is qualified in its entirety by the more detailed information included in this prospectus. You should carefully consider the information contained in the entire prospectus, including the information set forth under the heading Risk Factors in this prospectus. In addition, certain statements include forward-looking information that involves risks and uncertainties. See Forward-looking Information Safe Harbor Statement.*

*In this prospectus, GSI, The GSI Group, the Company, we, us, and our refer to The GSI Group, Inc. and its consolidated subsidiaries, except as otherwise indicated.*

**The Company**

We are a major worldwide manufacturer of agricultural equipment. We believe that we are the largest global manufacturer of both (i) grain storage bins and related conditioning and handling systems and (ii) swine feed storage and delivery, ventilation and confinement systems. We are also one of the largest global providers of equipment to the poultry producing industry, providing feed storage and delivery, watering, ventilation and nesting systems. We market our agricultural equipment primarily under our GSI®, DMC®, FFI®, Zimmerman®, AP® and Cumberland® brand names in approximately 75 countries through a network of over 2,500 independent dealers, with whom we generally have long-term relationships. Our leading market position in the industry reflects both the strong, long-term relationships we have developed with our customers as well as the breadth, quality and reliability of our products. For the fiscal year ended December 31, 2004, as restated, we generated sales of \$288.1 million. For the three months ended April 1, 2005, as restated, we generated sales of \$72.7 million.

The following table summarizes the key attributes of each of our product lines:

	<b>Grain Product Line</b>	<b>Swine Product Line</b>	<b>Poultry Product Line</b>
<b>2004 Sales(1)(2)</b>	\$177.6 million	\$46.8 million	\$64.3 million
	(62% of total sales)	(16% of total sales)	(22% of total sales)
<b>Q1 2005 Sales(2)</b>	\$42.9 million	\$12.9 million	\$16.9 million
	(59% of total sales)	(18% of total sales)	(23% of total sales)
<b>Product Categories</b>	Grain Storage Bins	Feed Storage and Delivery Systems	Feed Storage and Delivery Systems
- Product Classes	Grain Conditioning Equipment	- Augers	- Feed Storage Bins
	- Fans	- Storage Tanks	- Conveyance Systems
	- Heaters	- Dispensers	- HI-LO® Pan Feeder
	- Dryers	Ventilation Systems	Watering Systems
	Grain Handling Equipment		Ventilation Systems



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- Elevators
- Fans
- Fans
- Conveyors
- Heaters
- Evaporative Cooling Systems
- Augers
- Cooling Systems
- Heating Systems
- Confinement Systems and Other
- Automated Controls
- Slated Flooring
- Nesting Systems
- Water Devices
- Environmental Monitors

**Select Brands**

GSI

AP

Cumberland

DMC

Airstream

Airstream

FFI

Zimmerman

**Distribution Network**

Approximately 2,000 Dealers

Approximately 350 Dealers

Approximately 150 Dealers

(1) Includes sales from discontinued operations of \$0.6 million.

(2) As restated.

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Through our distribution network of independent dealers, we market and sell a broad range of fully integrated grain storage, conditioning and handling products to farm operators and commercial businesses, such as the Archer-Daniels-Midland Company and Cargill, Inc. The end users of our equipment operate grain farms, feed mills, grain elevators, port storage facilities and commercial grain processing facilities. We believe that our grain storage, conditioning and handling equipment is superior to that of our principal competitors based on strength, durability, reliability, design efficiency and breadth of product offering.

We market and sell our feeding and ventilation systems to swine and poultry growers, who purchase equipment through our distribution network of independent dealers. We also market our products to large integrators, such as Pilgrim's Pride Corporation, Tyson Foods, Inc. and Smithfield Foods, Inc., who purchase swine and poultry from growers pursuant to contracts that specify which particular agricultural equipment is used in the growing process. We believe that our swine and poultry systems are the most effective in the industry in minimizing the feed-to-meat ratio, a key measure of operational efficiency. We also believe that our swine and poultry systems are superior to those of our principal competitors due to our proprietary, patented designs and our broad range of fully integrated products and systems.

On April 6, 2005, our stockholders entered into an agreement to sell all of the issued and outstanding shares of our common stock to GSI Holdings Corp. ( "GSI Holdings"). On May 16, 2005, that transaction closed, concurrently with the closing of the offering for the original notes. The exchange offer is being consummated to satisfy our obligations under the registration rights agreement that we entered into when the original notes were sold in transactions exempt from the registration requirements of the Securities Act.

### **Competitive Strengths**

We believe that our competitive strengths include the following:

*Leading Market Positions.* We believe that we are the largest global manufacturer of both (i) grain storage bins and related conditioning and handling systems and (ii) swine feed storage and delivery, ventilation and confinement systems. We are also one of the largest global manufacturers of equipment for the poultry producing industry, providing feed storage and delivery, watering, ventilation and nesting systems. We believe that we have achieved our leading market positions due to the breadth, quality and reliability of our products, our commitment to customer service and the effectiveness of our distribution network of independent dealers.

*Provider of Fully Integrated Systems with Strong Brand Name Recognition.* We offer a broad range of integrated products and systems that permits customers to purchase all of their grain, swine and poultry production equipment needs through our distribution network of independent dealers. Through our manufacturing expertise and experience, our GSI®, DMC, FFI, Zimmerman, AP and Cumberland® brand names have achieved strong recognition in our markets. We design our fully integrated systems to help our end-user customers achieve operational efficiencies and maximize operating results by lowering their total production costs and enhancing their productivity. We also believe that our dealers benefit from purchasing fully integrated systems due to our strong after-market support for our end-user customers, lower administrative and shipping costs and the efficiencies our dealers gain from dealing with a single supplier.

*Effective Global Distribution Network.* We believe that we have developed a highly effective global distribution network consisting of over 2,500 independent dealers that market our products in approximately 75 countries. To ensure a high level of customer service, we carefully select and train our dealers. This approach to dealer selection and training has helped us to maintain a very low turnover rate within our dealer network, thereby providing our end-user customers with consistent and stable equipment and system supply. As a result, over the last three fiscal years, no domestic dealer representing sales to us in excess of \$1 million per year has discontinued sales of any of our principal



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products in favor of those of a competitor. Our distribution network is also the principal supplier of repair parts to the end users of our products, which enables us to maintain strong ongoing relationships with our end-user customers and dealers. These relationships often result in long-term brand loyalty to our products on the part of end-user customers and create a steady base of recurring revenues for us.

*Highly Diversified Revenue Base.* We are well diversified by product line, geography and customer base. We sell our products to customers in approximately 75 countries through a network of over 2,500 independent dealers. In each of the last three fiscal years, no single customer or product class represented more than 10% of our sales.

*Strong Cash Flow Characteristics.* We believe that the combination of our relatively low maintenance capital expenditure requirements and the tax benefit created by the making of a section 338(h)(10) election in connection with the acquisition will enable us to utilize a higher proportion of our operating profits for debt service and investments in growth than would otherwise be the case. For our past two fiscal years, capital expenditures averaged \$4.0 million each year, or 1.5% of sales.

*Experienced Management Team.* We are currently led by a management team with significant experience in the agricultural equipment industry. Our executive management team has an average of 23 years of industry experience, which we believe has helped us to establish strong, credible customer relationships and identify and respond quickly to market opportunities. In addition, following the closing of the acquisition, we added to our management team a Chairman and Interim Chief Executive Officer with significant senior management experience in capital goods manufacturing companies, and an Interim Chief Financial Officer. The Chairman and the rest of our management team are expected to purchase a significant portion of GSI Holdings' common stock at the same price per share paid to our selling stockholders in the acquisition.

**Business Strategy**

We are a major provider of agricultural equipment, and our objective is to continue to pursue profitable growth in our markets. Our business strategy includes the following principal elements:

*Capitalize on Favorable Market Conditions and Trends.* We intend to capitalize on the strong conditions and attractive market trends that exist in our industry. According to the USDA, from 2003 to 2004 U.S. net farm income increased 24% to \$74 billion. We believe this increase will lead to increased domestic demand for our equipment in 2005. In addition, we believe there are several other trends that are driving demand for our grain equipment. As described in more detail below under Industry Overview, these trends include (i) conversion of domestic cropland from soybeans to corn which continues to result in an increase in the aggregate volume of bushels produced, (ii) growth in demand for corn driven primarily by an increase in ethanol production in the United States, (iii) growth in

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genetically modified grains, which have greater storage and handling needs, (iv) continued increases in domestic corn yields and (v) continuing consolidation of the grain farm sector and the resulting increase in large scale on-farm grain storage. Demand for our products is also being driven by producers' increasing focus on the efficiency of their agricultural equipment and by the increased presence of protein (for example, poultry and pork) in the diets of consumers.

*Leverage Extensive Global Distribution Network.* We have developed a highly effective and established global distribution network that provides barriers to entry for competing products and services, and we intend to continue to use our distribution network and strong brand names to deepen our relationships with existing customers as well as to attract new customers. Part of this strategy involves using our distribution network to introduce new products into the market. For example, in 1998 we used our distribution network to introduce our grain handling equipment, including the Grain King line of auger products for the movement of grain, which equipment accounted for approximately \$30.0 million of our 2004 sales.

*Capitalize on Growth in International Markets.* We believe that we have leading positions in key international growth markets for grain and livestock equipment, such as Brazil, China and Eastern Europe. We intend to continue to leverage our worldwide brand name recognition, leading market positions and international distribution network to capture the growing demand for our products that exists in the international marketplace. We also believe that the economic growth occurring in our international markets will result in consumers devoting larger portions of their income to improved and higher-protein diets, stimulating demand for poultry and pork and, in turn, our products.

*Continue Development of Proprietary Product Innovations.* Our research and development efforts focus on the development of new and technologically advanced products to respond to customer demands, changes in the marketplace and new technology. We work closely with our customers and utilize our existing technology to improve our existing products and develop new value-added products. For example, our HI-LO<sup>®</sup> pan feeder has the unique ability to adjust from floor feeding to regulated feed levels, thereby minimizing the feed-to-meat ratio and increasing growers' efficiency. We intend to continue to actively develop product improvements and innovations to more effectively serve our customers.

*Focus on Improving Profitability and Cash Flow Generation.* In 2002, we began to implement a lean manufacturing initiative, which was primarily responsible for reducing our labor expense as a percentage of sales between 2002 and 2004. We believe that significant opportunities exist to continue to enhance our profitability and capital efficiency by further applying lean techniques to our manufacturing operations.

## **Industry Overview**

The industry in which we operate is characterized both domestically and internationally by a few large companies with broad product offerings, such as GSI, CTB, Inc., a Berkshire Hathaway company, and Big Dutchman International GmbH, and numerous small manufacturers of single product lines. Competition is based on product value, reputation, quality, design and price as well as customer service. We believe that our leading brand names, diversified high-quality product lines and strong distribution network enable us to compete effectively.

Demand for agricultural equipment is driven by the overall level of grain, swine and poultry production, the level of net farm income, agricultural real estate values and producers' increasing focus on improving productivity. The USDA projects U.S. net farm income to average \$61 billion per year over the next 10 years as compared to an average of \$48 billion per year in the 1990s.

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Demand for grain equipment is increasing, due in large part to the following factors:

*Conversion of Domestic Cropland from Soybeans to Corn.* U.S. farmers are increasingly converting cropland to corn production due to expanded applications for corn and the increased relative profitability of corn production as compared to soybean production. According to the USDA, 2004 corn yields averaged 160 bushels per acre, compared to an average yield of 43 bushels per acre of soybeans. In addition, the harvesting, processing and distribution of corn is more equipment intensive than that of soybeans, due principally to the greater conditioning needs of corn. These factors are driving demand for additional infrastructure for grain storage, conditioning and handling.

*Increase in Domestic Ethanol Production.* Ethanol, produced from corn, is used as an additive to gasoline. According to the USDA, corn used in ethanol production grew at a compound annual growth rate of 14% from 1997 to 2004. Approximately 12% of 2004 domestic corn production was devoted to the production of ethanol. The USDA projects that demand for ethanol will continue to increase due to, among other factors, continued strong petroleum prices and regulatory bans on methyl tertiary butyl ether (MTBE) as an alternative fuel oxygenate.

*Proliferation of Genetically Modified Organisms ( GMOs ).* GMO acceptance among consumers has been growing, as has the breadth of GMO offerings. In order to ensure traceability, genetically modified grains must be separated during storage, transfer and conditioning, which requires that farmers and processors maintain multiple storage units and related conditioning and handling equipment.

*Long-term Increases in Corn Yields.* The increase in grain production attributable to advancements in seed and fertilizer engineering requires additional storage and other equipment to keep pace with production. According to the USDA, from 1984 to 2004, domestic corn production increased from 107 bushels per acre to 160 bushels per acre, which we believe resulted, in part, from these engineering changes and other technological advancements.

*Consolidation of Grain Farm Production.* According to the USDA, the percentage of total cropland acreage managed by farms with more than \$1 million in annual revenue is projected to increase from 12% in 2004 to 26% in 2010. Larger grain farms are more likely to invest in large on-farm storage facilities due to their ability to afford greater capital goods purchases and their need for greater scale economies.

Our sales of swine and poultry equipment historically have been affected by the level of construction of new facilities undertaken by swine and poultry producers, which is affected by feed prices, environmental regulations and domestic and international demand for pork and poultry. Increases in feed and grain prices, which historically have supported sales of our grain equipment and systems, have also historically resulted in a decline in sales of feeding, watering and ventilation systems to swine and poultry producers. Demand for our swine and poultry equipment is also impacted by changes in consumers' dietary habits, as consumers in the U.S. increase their consumption of poultry and pork and as consumers in developing countries devote larger portions of their income to improved and higher protein-based diets.

## **Recent Developments**

*The Restatements.* As described in our Current Report on Form 8-K filed with the SEC on July 12, 2005, after the closing of the Acquisition as described below, the Board of Directors and management (including our new interim CEO and CFO) became aware of information indicating possible errors in previously issued financial statements and commenced a review of certain of the Company's accounting policies and practices, including among other things accounting policies and practices relating to the capitalization of overhead into inventory and reserves for slow moving and obsolete inventory. Based on the preliminary results of this review, on July 8, 2005, we, in consultation with our independent auditors, BKD, LLP, determined that our previously



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issued financial statements for the years ended December 31, 2004, 2003, and 2002 (and the quarterly periods included therein) and the quarter ended April 1, 2005 may have contained certain errors, some or all of which may be material to our previously reported financial results, and that certain adjustments were likely to be required to correct such errors. Accordingly, we warned that the financial statements referred to in the preceding sentence should not be relied upon until such time as we are able to quantify such errors and ascertain those matters, if any, as to which a restatement of our financial statements might be needed.

As described in our Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004, filed with the SEC on August 12, 2005, which is incorporated herein by reference, we, in consultation with our independent auditors, BKD, LLP, subsequently determined that it is necessary to make the restatements mentioned above to correct for historical errors in inventory accounting. The identified errors relate to three separate issues:

- 1) capitalization rates of overhead expense in inventory, which were inconsistent with actual spending;
- 2) the capitalization of warranty and R&D costs in inventory, which management believes should be expensed in their entirety; and
- 3) improper application of our policy for establishing reserves for slow moving inventory, which resulted in inadequate historical reserve levels.

We have therefore restated our consolidated financial statements as of December 31, 2004, 2003, 2002, 2001 and 2000 and made related changes to Item 6 Selected Financial Data and Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations. The restatements of our consolidated financial statements as of December 31, 2003 and 2002 are in addition to the restatement of those financial statements set forth in Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2003, which was filed on April 26, 2005. Also on August 12, 2005, we filed Amendment No. 1 to our Quarterly Report on Form 10-Q/A for the quarterly period ended April 1, 2005, which contains restatements of our unaudited condensed consolidated financial statements as of April 1, 2005 and April 2, 2004, and related changes.

*Management.* Promptly following the closing of the Acquisition, described below, we retained an Interim Chief Executive Officer, William Branch, whereupon Russell Mello, who had previously served as our Chief Financial Officer and had been elected as our Chief Executive Officer in July 2004, resumed his former position as our Chief Financial Officer. At that same time, Mr. Branch, Michael Choe, Kim Davis and Andrew Janower were elected as our directors, replacing Mr. Sloan and Cathy Sloan, who resigned as directors in connection with the Acquisition. Mr. Mello subsequently left the Company and was replaced by Interim Chief Financial Officer, Randall Paulfus in July, 2005.

*The Acquisition.* On April 6, 2005, all of our stockholders entered into a stock purchase agreement with GSI Holdings pursuant to which GSI Holdings purchased for cash all of the issued and outstanding shares of our common stock. Upon the closing of that stock purchase, we became a direct, wholly owned subsidiary of GSI Holdings. The transactions pursuant to the Stock Purchase Agreement are collectively referred to in this prospectus as the Acquisition. On May 16, 2005, the closing of the Acquisition occurred concurrently with the closing of the offering for the original notes. It is expected that certain members of our senior management team will purchase approximately 5% (but no more than 10%) of the outstanding shares of GSI Holdings' common stock at the same price per share paid to our selling stockholders by GSI Holdings in the Acquisition.



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Immediately following the closing, we converted from a subchapter S corporation to a subchapter C corporation, which means that we became a taxable entity for federal and state income tax purposes. For the portion of our 2005 fiscal year preceding the closing date, we made tax distributions to our selling stockholders at the closing in an amount sufficient to allow them to pay income taxes relating to such period.

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*The Financing Transactions.* In connection with the closing of the Acquisition on May 16, 2005, we entered into the following financing transactions, which are collectively referred to in this prospectus as the Financing Transactions, each of which occurred prior to or concurrently with the closing of the Acquisition:

the closing of the issuance of the original notes;

the closing of our refinanced senior secured credit facility, which we refer to as the refinanced credit facility in this prospectus, consisting of a \$60.0 million revolving credit facility. Approximately \$29.5 million was drawn on the revolving credit facility on the closing date, with additional availability of approximately \$20 million under the revolving credit facility on the closing date;

the call for redemption of all of our existing 10<sup>1</sup>/<sub>4</sub>% senior subordinated notes due 2007, the deposit of all amounts necessary to redeem those notes with the trustee, and the subsequent retirement of all of those notes upon completion of the redemption;

the repayment in full of all amounts outstanding under our existing credit facility;

the repayment in full of all amounts outstanding under loans made to us by Craig Sloan, our founder and selling majority stockholder; and

the cash equity contribution to GSI Holdings by our equity sponsor (a small amount of which was made by nonaffiliated funds) of \$56.3 million, of which approximately \$32.1 million (after certain expenses and other amounts) was paid to our selling stockholders, and approximately \$12.5 million was contributed to our common equity.

### **Our Equity Sponsor**

Charlesbank Capital Partners LLC ( Charlesbank ) is a leading private equity firm with over \$1.5 billion of capital under management and offices in Boston and New York. Originally managing an investment portfolio solely for Harvard University, the firm broadened its investor base in 2000 to include other institutional clients and is currently investing its fifth fund. Charlesbank manages private equity investments across a wide range of industries. The firm's principals have broad experience investing in agribusiness, distribution and manufacturing companies, such as Aurora Organic Dairy, Bell Sports and Wabtec.

### **Information about The GSI Group, Inc.**

We were incorporated in Delaware on April 30, 1964. Our principal executive office is located at 1004 East Illinois Street, Assumption, Illinois 62510, and our telephone number is (217) 226-4421.

### **Information about GSI Holdings Corp.**

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GSI Holdings Corp. was incorporated in Delaware on April 1, 2005. Its principal executive office is located at 1004 East Illinois Street, Assumption, Illinois 62510 and telephone number is (217) 226-4421.

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**Summary Terms of the Exchange Offer**

On May 16, 2005, we completed an offering of \$110,000,000 in aggregate principal amount of original notes. That offering was exempt from the registration requirements of the Securities Act. In connection with that offering, we entered into a registration rights agreement with the initial purchaser of the original notes in which we agreed, among other things, to deliver this prospectus to you and to use our commercially reasonable efforts to complete the exchange offer.

**Exchange Offer** We are offering to exchange up to \$110,000,000 in aggregate principal amount of 12% Senior Notes due 2013, which have been registered under the Securities Act, for an equal aggregate principal amount of our outstanding 12% Senior Notes due 2013, to satisfy our obligations under the registration rights agreement that we entered into when the original notes were sold in transactions exempt from the registration requirements of the Securities Act.

**Expiration Date** The exchange offer will expire at 5:00 p.m., New York City time, on [ ], 2005, unless extended.

**Withdrawal; Non-Acceptance** You may withdraw any original notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on [ ], 2005. If we decide for any reason not to accept any original notes tendered for exchange, the original notes will be returned to the registered holders at our expense promptly after the expiration or termination of the exchange offer. In the case of original notes tendered by book-entry transfer into the exchange agent's account at The Depository Trust Company, any withdrawn or unaccepted original notes will be credited to the tendering holder's account at The Depository Trust Company.

For further information regarding the withdrawal of tendered original notes, see The Exchange Offer Terms of the Exchange Offer; Expiration Date; Extension; Termination; Amendment and Withdrawal Rights.

**Conditions to the Exchange Offer** The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption The Exchange Offer Conditions to the Exchange Offer for more information regarding the conditions to the exchange offer.

**Exchange Agent** U.S. Bank National Association is serving as exchange agent in connection with the exchange offer.

**Procedures for Tendering Original Notes** If you wish to participate in the exchange offer, you must either:

complete, sign and date an original or faxed letter of transmittal in accordance with the instructions in the letter of transmittal accompanying this prospectus; or

arrange for The Depository Trust Company to transmit required information to the exchange agent in connection with a book-entry transfer.

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Then you must mail, fax or deliver all required documentation to U.S. Bank National Association, which is acting as the exchange agent for the exchange offer. The exchange agent's address appears on the letter of transmittal. By tendering your original notes in either of these manners, you will represent to and agree with us that:

you are acquiring the exchange notes in the ordinary course of your business;

you are not engaged in, and you do not intend to engage in, the distribution (within the meaning of the federal securities laws) of the exchange notes in violation of the provisions of the Securities Act;

you have no arrangement or understanding with anyone to participate in a distribution of the exchange notes; and

you are not an affiliate, within the meaning of Rule 405 under the Securities Act, of the Company.

See The Exchange Offer Procedures for Tendering Original Notes and The Depository Trust Company Book-Entry Transfer.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

**Special Procedures for Beneficial Owners** If you are a beneficial owner of original notes that are held by or registered in the name of a broker, dealer, commercial bank, trust company or other nominee or custodian and you wish to tender your original notes, you should contact your intermediary entity promptly and instruct it to tender the exchange notes on your behalf.

**Guaranteed Delivery Procedures** If you desire to tender original notes in the exchange offer and:

the original notes are not immediately available;

time will not permit delivery of the original notes and all required documents to the exchange agent on or prior to the expiration date; or

the procedures for book-entry transfer cannot be completed on a timely basis;

you may nevertheless tender the original notes, provided that you comply with all of the guaranteed delivery procedures set forth in The Exchange Offer Guaranteed Delivery Procedures.



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Resales of Exchange Notes

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that you can resell and transfer your exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if you can make the representations that appear above under the heading Procedures for Tendering Original Notes.

We cannot guarantee that the SEC or its staff would make a similar decision about the exchange offer. If our belief is wrong, or if you cannot truthfully make the representations appearing above, and you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes from such requirements, you may incur liability under the Securities Act. We are not indemnifying you against this liability.

Accrued Interest on the Exchange Notes and the Original Notes

The exchange notes will bear interest from the most recent date to which interest has been paid on the corresponding series of original notes. If your original notes are accepted for exchange, then you will receive interest on the exchange notes and not on the original notes on the next succeeding interest payment date on the exchange notes. No payment will be made in respect of accrued and unpaid interest on the original notes at the date we consummate the exchange offer.

Certain United States Federal Tax Considerations

The exchange of original notes for exchange notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See the discussion below under the caption Material United States Federal Tax Considerations.

Consequences of Failure to Exchange Original Notes

All untendered original notes will remain subject to the restrictions on transfer provided for in the original notes and in the indenture. Generally, the original notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities and may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the original notes under the Securities Act.

Because we anticipate that most holders of the original notes will elect to exchange their original notes, we expect that the liquidity of the markets, if any, for any original notes remaining after the completion of the exchange offer will be substantially limited.

Use of Proceeds

We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We will pay all registration and other expenses incidental to the exchange offer.

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**Summary Terms of the Exchange Notes**

Issuer	The GSI Group, Inc.
Notes Offered	\$110.0 million in aggregate principal amount of 12% Senior Notes due 2013.
Maturity Date	May 15, 2013.