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-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

The GSI Group, Inc.

GSI Holdings Corp.

(Exact Name of Registrant as Specified in Its Charter)

Delaware Delaware	3523 3523	37-0856587 20-2834198
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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

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)

Copies to:

Bruce C. Bennett

Covington & Burling

1330 Avenue of the Americas

New York, NY 10019

(212) 841-1000

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 To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
12% Senior Notes due 2013	$110,000,000	100%	$110,000,000	$12,947.00(2)
Note Guarantees	(3)	(4)	(4)	(3)
TOTAL	$110,000,000	100%	$110,000,000	$12,947.00

(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.

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.

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. Altho 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.

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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:

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

	- 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

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

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® 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.

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 1/4% 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.

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.

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.
Interest Payment Dates	May 15 and November 15, commencing on November 15, 2005.
Guarantees	Our obligations with respect to the notes will be fully and unconditionally guaranteed by GSI Holdings and all of our domestic material subsidiaries. None of our domestic subsidiaries are currently material subsidiaries. Our foreign subsidiaries will not guarantee the notes. Our non-guarantor subsidiaries generated 17.2% of our consolidated revenues in the twelve-month period ended April 1, 2005 and held 23.8% of our consolidated assets as of April 1, 2005.
Ranking	The notes and the guarantees are unsecured senior obligations. Accordingly, they will be: senior in right of payment to all of our and the guarantor s existing and future subordinated indebtedness; equal in right of payment with all of our and the guarantor s existing and future senior indebtedness; and effectively subordinated to all obligations of our non-guarantor subsidiaries. However, the notes and the guarantees will be effectively subordinated to all of our and the guarantor s secured indebtedness (including borrowings under our refinanced credit facility, which will be secured by substantially all of our assets), to the extent of the collateral securing such indebtedness. Giving pro forma effect to the Financing Transactions as of April 1, 2005, there was approximately $129.5 million principal amount of senior indebtedness outstanding and approximately $21.2 million available for additional borrowing under our refinanced credit facility. As of April 1, 2005, our non-guarantor subsidiaries had aggregate indebtedness of $0.4 million.
Optional Redemption	On or after May 15, 2009, we may redeem some or all of the notes at the redemption prices set forth under Description of the Exchange Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption.

Prior to May 15, 2008, we may redeem up to 35% of the notes issued under the indenture at a redemption price of 112% of the principal amount, plus accrued and unpaid interest, if any, to the date of

	redemption, with the proceeds of certain equity offerings, provided at least 65% of the aggregate principal amount of the notes originally issued under the indenture remains outstanding after the redemption.
Offer to Purchase	If we experience a change of control, or we or any of our restricted subsidiaries sell certain assets, we may be required to offer to purchase the notes at the prices set forth under Description of Exchange Notes Repurchase at the Option of Holders Change of Control and Asset Sales.
Covenants	We will issue the exchange notes under the same indenture that governs the original notes. The indenture is between us and the trustee. The indenture, among other things, limits our ability and the ability of our restricted subsidiaries to: incur additional indebtedness and issue preferred stock; pay dividends or distributions on our capital stock or purchase, redeem or retire our capital stock; issue or sell stock of subsidiaries; make certain investments; create liens on our assets; enter into transactions with affiliates; merge or consolidate with another company; and transfer and sell assets Each of these covenants is subject to a number of important limitations and exceptions. See Description of Exchange Notes Certain Covenants.
Exchange Offer; Registration Rights	In connection with the issuance of the original notes, we and the guarantor entered into the registration rights agreement with the initial purchaser in which we agreed to: file with the SEC the registration statement of which this prospectus is a part within 90 days after the issue date of the notes and guarantees, enabling holders of the original notes and guarantees to exchange the original notes and guarantees for the exchange notes and guarantees;

use all commercially reasonable efforts to cause the registration statement to become effective within 180 days after the issuance date of the original notes and to consummate the exchange offer within 30 business days thereafter; and

file a shelf registration statement for the resale of the original notes if we cannot effect an exchange offer within the time period listed above and in certain other circumstances.

If we do not comply with these registration obligations, we will be required to pay liquidated damages to holders of the original notes

	under certain circumstances. See Description of Exchange Notes Registration Rights; Liquidated Damages.
No Public Market; PORTAL^{SM} Listing	The exchange notes will be new securities for which there currently is no market. Although the initial purchaser of the original notes informed us at the time of issuance of the original notes that they intended to make a market in the original notes, they made no such undertaking with respect to the exchange notes and, with respect to the original notes, they are not obligated to make such a market and they may discontinue any such market-making that they may elect to undertake at any time without notice. Accordingly, we cannot assure you that a liquid market for the exchange notes will develop or be maintained. The original notes are eligible for trading on the PORTAL^{SM} Market.
Use of Proceeds	We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. We will receive in exchange outstanding notes in like principal amount. We will retire or cancel all of the outstanding notes tendered in the exchange offer. See Use of Proceeds.

Risk Factors

Investing in the notes involves a number of material risks. See Risk Factors for a discussion of certain risks you should consider in connection with an investment in the notes, including factors affecting forward-looking statements.

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Summary Pro Forma Consolidated Financial Data

The following tables set forth our summary pro forma consolidated financial data as of the dates and for the periods indicated. The table sets forth our unaudited pro forma consolidated financial data for the year ended December 31, 2004, and three months ended April 2, 2004 and April 1, 2005 to give effect to the Acquisition and the Financing Transactions as if they had been consummated on January 1, 2004. The summary pro forma consolidated financial data are presented for informational purposes only and do not purport to project our financial position as of any future date or our results of operations for any future period. You should read the following summary pro forma consolidated financial data in conjunction with the information under Use of Proceeds, Capitalization, Unaudited Pro Forma Consolidated Financial Data, Selected Historical Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations as well as our consolidated financial statements and the notes to those statements included elsewhere in this prospectus.

As discussed in our audited consolidated financial statements included in this prospectus, certain historical information in our audited consolidated financial statements and our unaudited condensed consolidated financial statements has been restated. You should read note 18 to our audited consolidated financial statements beginning on page F-24 as well as Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information about these restatements. The summary pro forma consolidated financial data presented in the table below reflects these restatements.

Prior to the Acquisition, we operated as a subchapter S corporation. Accordingly, we had not been subject to federal income taxation prior to the Acquisition, and no provision for federal income taxes has been included for such periods. Immediately following the closing of the Acquisition, however, we converted to a subchapter C corporation and became a taxable entity subject to federal income taxation for all periods thereafter.

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	(Unaudited) Pro Forma Year Ended December 31, 2004	(Unaudited) Pro Forma Three Months Ended April 2, 2004	(Unaudited) Pro Forma Three Months Ended April 1, 2005
Statement of Operations Data:			
Sales	$ 288,131	$ 58,444	$ 72,674
Cost of sales	222,565	45,787	55,455
Gross profit	65,566	12,657	17,219
Selling, general and administrative expenses	36,712	8,229	8,735
FarmPro loss	7,152		
Amortization expense	7,700	1,926	1,053
Total operating expenses	51,564	10,155	9,788
Operating income	14,002	2,502	7,431
Other income (expense):			
Interest expense	(15,144)	(3,786)	(3,786)
Interest income	446	120	
Loss on sale of fixed assets	(452)	(423)	
Foreign currency transaction loss	(146)	131	
Other, net	62	(89)	529
Income (loss) before income taxes	(1,232)	(1,545)	4,174
Income tax provision (benefit)	(517)	(649)	1,753
Income (loss) from continuing operations	(715)	(896)	2,421
Discontinued operations:			
Gain from sale of discontinued operations	118		
Gain (loss) from discontinued operations, net of income taxes	(93)	129	
Income (loss) before minority interest	(690)	(767)	2,421
Minority interest in net income (loss) from subsidiary	(92)	(23)	(55)
Net income (loss)	$ (782)	$ (790)	$ 2,366

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RISK FACTORS

Your investment in the notes involves certain risks. You should carefully consider the following risk factors, in addition to the other information included in this prospectus, before you decide whether to exchange the original notes for the exchange notes offered pursuant to this prospectus. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such case, you could lose all or part of your original investment.

Risks Related to Our Business

The cyclicality of the agricultural industry could cause a decline in our financial condition and results of operations.

Sales of our products are related to the health of the agricultural industry, which is affected by farm income and debt levels, farm land values and farm cash receipts, all of which reflect levels of commodity prices, acreage planted, crop yields, demand, government policies and government subsidies. Historically, the agricultural industry has been cyclical and subject to a variety of general economic, governmental and regulatory factors as well as weather conditions. Regulatory and business trends in the agricultural industry may also affect sales of products for use in the agricultural industry. In addition, weather conditions, such as heat waves or droughts, and pervasive livestock diseases can also affect buying decisions within the agricultural industry. Downturns in the agricultural industry due to these and other factors are likely to decrease the sales of our products, which could adversely affect our growth, financial condition and results of operations.

We face significant competition from other companies in our industry.

The market for our products is competitive. We compete with a variety of domestic and international manufacturers and suppliers. While we believe that CTB, Inc. is our only competitor that offers products across most of our product lines, in each of our product lines we compete with numerous companies, including, for example, Big Dutchman International GmbH in the sale of poultry and swine production equipment. Consolidation in the agricultural industry has also intensified competition. Competition is based on product value, reputation, quality, design and price, as well as the customer service provided by dealers and manufacturers. Although we believe that we are competitive in all of these categories, we cannot assure you that we will be able to remain competitive in general or in any particular area of our business. To the extent that our competitors provide more innovative and/or higher-quality products, better-designed products, better pricing or offer better customer service through their dealers, then our ability to compete could be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations. Independent dealers who market, sell and install our products may also market, sell and install competing product lines. To the extent that our independent dealers no longer actively market our products or focus their marketing efforts on products from our competitors, our business, financial condition and results could be adversely affected.

We experience quarterly fluctuations in our sales.

Our quarterly operating results fluctuate primarily because of seasonality. Sales of agricultural equipment are seasonal, with farmers traditionally purchasing grain storage bins in the summer and fall in connection with the harvesting season, and poultry and swine producers purchasing equipment during prime construction periods in the spring, summer and fall. Our sales have historically been lower during the first and fourth fiscal quarters as compared to the second and third fiscal quarters. In 2004, we generated approximately 27.6% and 31.1% of our consolidated

sales in the second and third fiscal quarters, respectively.

We recently restated certain information in our consolidated financial statements for the fiscal years ended December 31, 2000, 2001, 2002, 2003 and 2004 and the quarter ended April 1, 2005.

We recently restated certain information in our consolidated financial statements for the years ended December 31, 2000, 2001, 2002, 2003 and 2004 and the quarter ended April 1, 2005 because of errors we

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believed to exist in those financial statements due to weaknesses in our internal controls. In April, 2005 we restated our financial statements to include all inventory charges associated with our DMC subsidiary, whose facilities were consolidated with our own in 2002. We had erroneously assigned the write-down of approximately $6.5 million in overstated inventory from DMC to our cost of sales in 2003 and 2004, when such inventory write-down should have been taken entirely in 2002. In addition to reallocating the cost of inventory associated with DMC, we also recorded charges in connection with our shift from a premium-based stop-loss workers compensation insurance policy to a self-insured policy in 2001, 2002 and 2003 and increased our compensation expense during each of those years to reflect the estimated fair market value of non-voting shares of our common stock held by certain of our employees and the accrual of our chief executive officer s salary and board of director fees that were being refused by our chief executive officer at that time. Subsequently, in August 2005, we filed a Form 10-K/A for the year ending December 31, 2004 and a Form 10-Q/A for the three months ending April 1, 2005 to correct for further errors we discovered in our historical financial results. These 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.

For a discussion of these restatements, see note 18 to our audited consolidated financial statements beginning on page F-24 and Management s Discussion and Analysis of Financial Condition and Results of Operations.

As a cumulative result of these restatements, our consolidated net income was reduced by approximately $1.8 million for the fiscal year ended December 31, 2001, was reduced by approximately $4.2 million for the fiscal year ended December 31, 2002 and was increased by approximately $1.5 million for the fiscal year ended December 31, 2003, and was increased by approximately $2.3 million for the fiscal year ended December 31, 2004. We believe that we have addressed our accounting policies and practices that caused the errors necessitating the restatement. However, we cannot assure you that we, or our independent auditors during the course of subsequent reviews, will not identify further items that will require a future restatement of our operating results.

We have identified material weaknesses in our internal controls. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results, and our management may conclude that our internal controls are ineffective in their reports on our internal controls as required by the Sarbanes-Oxley Act for the year ending December 31, 2006.

In connection with the audit of our financial statements for the fiscal year ended December 31, 2004, and the subsequent restatement of our results for the same period we identified material weaknesses in our internal control over financial reporting, including insufficient internal controls relating to accounting for inventory, consolidation of majority owned subsidiaries, certain subsidiaries functional currency, differences between U.S. and foreign GAAP, accounting for non-operating expenses, the treatment of repurchases and resales of debt securities, executive salary and board of director payment accrual methodology, the identification and treatment of workers compensation, the treatment of certain equity-based compensation arrangements and weaknesses in financial reporting processes. In addition, we determined that our control environment at December 31, 2004 lacked certain controls related to the prevention of improper accounting entries. Our management has discussed these material weaknesses with our independent public accounting firm, BKD, LLP, which has issued a material weakness letter to us in connection with its review of our financial results for the fiscal year ended December 31, 2004. The presence of material weaknesses resulted in errors in our historical financial statements, which caused us to restate certain information in our financial statements for the years ended December 31, 2000, 2001, 2002, 2003, and 2004, and the quarter ended April 1, 2005. The letter we received from BKD, LLP also noted a deficiency in our internal controls relating to our inventory accounting and recommended that we update our inventory accounting system.

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We believe that substantial remediation measures are required in order to improve our internal controls, and we have begun to take steps to correct these internal control deficiencies. We believe that the material weaknesses identified above resulted in part from inadequate staffing and training within our finance and accounting group and our management is in the process of reviewing whether additional accounting and financial management staff should be retained and whether we need to use additional or different outside resources. The efficacy of the steps we have taken to date and the steps we are still in the process of taking to improve the reliability of our financial statements is subject to continued management review. We cannot be certain that these measures will ensure that we implement and maintain adequate internal control over financial reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could adversely affect our operating results or cause us to fail to meet our reporting obligations. We cannot assure you that we will not identify further material weaknesses or significant deficiencies in our internal control over financial reporting in the future that we have not discovered to date.

Beginning with the year ending December 31, 2006, pursuant to Section 404 of the Sarbanes-Oxley Act, our management will be required to deliver a report that assesses the effectiveness of our internal control over financial reporting, and we will be required to deliver an attestation report of our independent auditors on the effectiveness of our internal controls. We have substantial effort ahead of us to complete documentation of our internal control system and financial processes, information systems, assessment of their design, remediation of control deficiencies identified in these efforts and management testing of the design and operation of internal controls. We cannot assure you that we will be able to complete the required management assessment by our reporting deadline. An inability to complete and document this assessment could result in a scope limitation qualification or a scope limitation disclaimer by our auditors on their attestation of our internal controls. In addition, if a material weakness were identified with respect to our internal control over financial reporting, we would not be able to conclude that our internal control over financial reporting was effective, which could result in the inability of our external auditors to deliver an unqualified report on our internal control. Ineffective internal control could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities.

We are subject to government regulation and policy-making both in the United States and internationally

Domestic and foreign political developments and government regulations and policies, including, without limitation, import-export quotas, government subsidies and reserve programs, directly affect the agricultural industry in the United States and abroad and thereby indirectly affect our business. Foreign trade embargoes and import quotas have in the past reduced U.S. exports of grain, swine and poultry, which have adversely affected our sales. The application or modification of existing laws, regulations or policies or the adoption of new laws, regulations or policies could have a material adverse effect on our business.

We are subject to environmental, health and safety and employment laws and regulations and related compliance expenditures and liabilities.

Like other manufacturers, we are also subject to a broad range of federal, state, local and foreign laws and requirements, including those governing discharges to the air and water, the handling and disposal of solid and hazardous substances and wastes, the remediation of contamination associated with releases of hazardous substances at our facilities and offsite disposal locations, workplace safety and equal employment opportunities. Expenditures made by us to comply with such laws and requirements historically have not been material. However, future developments, such as additional or increasingly strict requirements of laws and regulations of these types and enforcement policies under such laws and regulations, could significantly increase our costs of operations and may impose material costs.

Governmental authorities have the power to enforce compliance with such laws and regulations and violators may be subject to penalties, injunctions or both. Third parties may also have the right to enforce compliance with laws and regulations. Like most other industrial companies, our manufacturing operations entail some risk of future noncompliance with environmental regulations, and there can be no assurance that

material costs or liabilities will not be incurred by us as a result of such noncompliance.

Environmental laws also impose obligations and liability for the cleanup of properties affected by hazardous substance spills or releases. These liabilities can be imposed on the parties generating or disposing of such substances or on the owner or operator of affected property, often without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous substances. Accordingly, we may become liable, either contractually or by operation of law, for remediation costs even if the contaminated property is not presently owned or operated by us, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. Although we have conducted site assessments or investigations at all of our currently owned domestic properties, we cannot assure you that all potential instances of soil or groundwater contamination have been identified. While liabilities for remediation are not anticipated to have a material adverse effect upon our business, results of operations or financial condition, future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to additional remediation liabilities which may be material.

If we do not retain our key personnel and attract and retain other highly skilled employees, our business will suffer.

Our continued success will depend, among other things, on the efforts and skills of a few key executive officers, including our interim chief executive officer and chief financial officer, and our ability to attract and retain additional highly qualified personnel with industry experience, including an executive to serve as our chief executive officer on a permanent basis. We do not maintain key man life insurance for any of our employees, and none of our employees have employment agreements with us. We cannot assure you that we will be able to attract and hire suitable replacements for any of our key employees. We believe the loss of a key executive officer or other key employee could have a material adverse effect on our business operations.

Our customers and dealers are not contractually obligated to purchase products from us.

Our customers and dealers are not contractually obligated to purchase products from us. We rely upon the relationships that we and our independent dealers have with our customers to drive the purchase of our products. While we believe that these relationships are strong, our customers may decrease the amount of products that they purchase from us or even stop purchasing from us altogether at any time, either of which could have a material adverse effect on our sales and profitability.

A downturn in general economic conditions may adversely affect our results of operations.

The strength and profitability of our business depends on the overall demand for our products and growth in the agricultural industry. Agricultural industry revenues are sensitive to general economic conditions and are influenced by consumer confidence in the economy and other factors. A recession or downturn in the general economy, or in a region constituting a significant source of customers for our products, could result in fewer customers purchasing our products, which would adversely affect our results of operations.

The raw materials used in our manufacturing processes are subject to price and supply fluctuations that could increase our costs of sales and adversely affect our results of operations.

Our business may be adversely affected by increases in raw material prices. Our products are made from several basic raw materials, including steel and resins. We generally purchase raw materials at spot prices (except where we have enforceable long-term supply contracts) and do not hedge our exposure to price changes. Our business could be adversely affected by increases in the cost of our raw materials, particularly steel, and we may not be able to pass these costs on to our customers as we have been able to do in the past.

We may be subject to product liability claims.

We may be exposed to product liability claims in the event that the use of our products results, or is alleged to result, in bodily injury and/or property damage. We cannot assure you that we will not experience any material

product liability losses in the future or that we will not incur significant costs to defend such claims. While we currently have product liability insurance, we cannot assure you that our product liability insurance coverage will be adequate for any liabilities that may ultimately be incurred or that it will continue to be available on terms acceptable to us. A successful claim brought against us in excess of our available insurance coverage or a requirement to participate in a product recall may have a materially adverse effect on our business.

Our controlling stockholder may have interests that conflict with yours.

As of the closing of the Acquisition, GSI Holdings owns all of the outstanding shares of our common stock. Although 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, Charlesbank will continue to own a controlling equity interest in GSI Holdings and, indirectly, the Company. By virtue of its stock ownership, Charlesbank can determine the outcome of matters required to be submitted to our stockholders for approval, including the election of our directors and the approval of mergers, consolidations and the sale of substantially all of our assets. The interests of Charlesbank and GSI Holdings may conflict with your interests as a holder of the notes and may present risks to you as a holder of the notes.

We operate and source internationally, which exposes us to the risks of doing business abroad.

We have operations in a number of countries outside of the United States. Our foreign operations are subject to the risks normally associated with conducting business in foreign countries, including:

- limitations on ownership and on repatriation of earnings;
- import and export restrictions and tariffs;
- additional expenses relating to the difficulties and costs of staffing and managing international operations;
- labor disputes and uncertain political and economic environments, including risks of war and civil disturbances and the impact of foreign business cycles;
- change in laws or policies of a foreign country;
- delays in obtaining or the inability to obtain necessary governmental permits;
- potentially adverse consequences resulting from the applicability of foreign tax laws;
- cultural differences; and

increased expenses due to inflation.

Our foreign operations may also be adversely affected by laws and policies of the United States and the other countries in which we operate affecting foreign trade, investment and taxation.

Businesses we may acquire in the future may not perform as expected.

We may be adversely affected if businesses we acquire in the future do not perform as expected. An acquired business could perform below our expectations for a number of reasons, including legislative or regulatory changes that affect the areas in which the acquired business specializes, the loss of customers and dealers, general economic factors that directly affect the acquired business and the cultural incompatibility of its management team or business with us. Any or all of these reasons could adversely affect our financial position and results of operations. In addition, we could face many challenges to integrating an acquired business, including eliminating redundant operations, facilities and systems, coordinating management and personnel, retaining key employees, managing different corporate cultures and achieving cost reductions and cross-selling opportunities. We cannot assure you that we will be able to meet these challenges in the future to the extent we acquire other businesses.

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Risks Related to the Exchange Notes

Our substantial indebtedness could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the notes.

We now have a significant amount of indebtedness. As of April 1, 2005, after giving pro forma effect to the Financing Transactions and the application of the net proceeds therefrom, we and our subsidiaries would have had approximately $129.5 million of total debt outstanding.

Our significant indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations with respect to the notes;
- limit our ability to obtain additional financing to fund our working capital requirements, capital expenditures, debt service, general corporate or other obligations;
- limit our ability to use operating cash flow in other areas of our business because we must dedicate a significant portion of these funds to make principal and interest payments on our indebtedness;
- increase our interest expense if there is a rise in interest rates, because a portion of our borrowings are short-term under our refinanced credit facility and, as such, we have interest rate periods with short-term durations (typically 30 to 180 days) that require ongoing refunding at the then current rates of interest;
- place us at a competitive disadvantage compared to our competitors who are not as highly leveraged; and
- increase our vulnerability to and limit our ability to react to changing market conditions, changes in our industry and economic downturns.

In addition, the indenture governing the notes and our refinanced credit facility contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts.

Despite our significant indebtedness levels, we and our subsidiaries may still be able to incur more debt. This could further exacerbate the risks associated with our substantial leverage.

Following the issuance of the notes, we will have the capacity to issue additional indebtedness, including the ability to incur approximately $35.9 million of additional indebtedness under our refinanced credit facility (subject to borrowing base limitations as of April 1, 2005), subject to the limitations that are imposed by the covenants in our refinanced credit facility and the indenture governing the notes. Although our

refinanced credit facility and the indenture governing the notes contain restrictive covenants, these restrictive covenants will not fully prohibit us from incurring additional debt. If new debt is added to our and our subsidiaries current levels of indebtedness, the related risks that we and our subsidiaries now face could intensify.

Our refinanced credit facility and the indenture governing the notes restrict our operations.

We have made and will need to make significant capital expenditures to remain competitive with current and future competitors in our markets. Our refinanced credit facility and the indenture governing the notes contain operating and financial restrictions that may limit our ability to obtain financing, and to use earnings, to make these capital expenditures.

Our refinanced credit facility contains certain covenants that are substantially similar to, but in general no more restrictive than, the covenants under our existing credit facility. These covenants, among other things, restrict our (and our subsidiaries) ability to dispose of assets, incur additional indebtedness, pay or make dividends or distributions to our stockholders, create liens on assets, enter into sale and leaseback transactions, make investments, loans or advances (including to and among our subsidiaries), make acquisitions, engage in merger and consolidation transactions and repay debt, including the notes. We are also required to maintain a

specified fixed charge coverage ratio when the amount that is available for borrowing under our refinanced credit facility falls below a specified threshold.

The indenture governing the notes imposes operating and financial restrictions on us and certain of our subsidiaries that will limit, among other things, our ability to:

- incur additional debt;
- pay dividends or distributions on our capital stock or purchase, redeem or retire our capital stock;
- issue or sell preferred stock of restricted subsidiaries;
- make investments;
- create liens on our assets;
- enter into transactions with affiliates;
- merge or consolidate with another company; and
- transfer and sell assets.

A breach of any restriction or covenant contained in our refinanced credit facility or the indenture governing the notes could cause a default under the notes and our other debt agreements (including our refinanced credit facility) and result in a significant portion of our debt becoming immediately due and payable. We cannot assure you that we would have, or would be able to obtain, sufficient funds to make these accelerated payments, including payments on the notes. In addition, following the occurrence of certain events of default under our refinanced credit facility, we may be prohibited from making payments on the notes.

None of our existing operating subsidiaries will guarantee the notes. Your right to receive payments on the notes could be adversely affected if any of our non-guarantor subsidiaries declare bankruptcy, liquidate or reorganize.

We conduct domestic and international business through The GSI Group, Inc. We also conduct certain of our business outside of the United States through operating subsidiaries of The GSI Group, Inc., all of which are organized outside the United States and none of which will guarantee the notes. Therefore, the notes are effectively subordinated to the prior payment of debts and other liabilities (including trade payables) of our existing operating subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

Assuming we had completed this offering on April 1, 2005, these notes would have been effectively junior to $19.1 million of indebtedness of our non-guarantor subsidiaries and other liabilities (including trade payables). Our non-guarantor subsidiaries generated 17.2% of our consolidated revenues in the twelve-month period ended April 1, 2005 and held 23.8% of our consolidated assets as of April 1, 2005.

Your right to receive payments on these notes is effectively subordinated to the rights of our existing and future secured creditors.

Holders of our secured indebtedness will have claims that are prior to your claims as holders of the notes to the extent of the value of the assets securing that other indebtedness. Notably, we, certain of our subsidiaries and GSI Holdings are parties to our refinanced credit facility, which is secured by liens on substantially all of our assets and those of GSI Holdings and such subsidiaries. The notes will be effectively subordinated to that secured indebtedness to the extent of the value of the pledged collateral. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, holders of secured indebtedness will have prior claim to those of our assets that constitute their

collateral. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of notes may receive less, ratably, than holders of secured indebtedness.

As of April 1, 2005, on a pro forma basis, the aggregate amount of our secured indebtedness would have been approximately $19.1 million and there was approximately $35.9 million available for additional borrowing under our refinanced credit facility. We are permitted to incur substantial additional indebtedness, including senior debt, in the future under the terms of our refinanced credit facility. See Description of Other Indebtedness Refinancing of Our Credit Facility.

Servicing our debt requires a significant amount of cash, and our ability to generate sufficient cash will depend on many factors which are beyond our control.

Our refinanced credit facility matures five years after the closing date of the Financing Transactions (subject to automatic one-year renewals if the facility is not terminated at least 90 days prior to the then-current termination date). We are required to make substantial monthly interest payments on amounts outstanding under our refinanced credit facility and substantial semi-annual interest payments on the notes. Our ability to make payments on our indebtedness, including the notes, and to fund our capital expenditures will depend on our ability to generate cash flow and secure financing in the future.

Our ability to generate cash flow will depend on our future operating performance. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors affecting our operations and business that are beyond our control.

In addition, our ability to borrow funds under our refinanced credit facility in the future will depend on our meeting the financial covenants in the credit facility. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our refinanced credit facility or otherwise, in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund other liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on favorable terms or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have a material adverse effect on our financial condition.

If we are required by the indenture to offer to repurchase the notes upon a change of control, we may not have the necessary funds to do so.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. Any future agreements relating to indebtedness to which we become a party may contain similar provisions. However, it is possible that we will not have sufficient funds at the time of the change of control transaction to make the required repurchase of notes or that restrictions in our refinanced credit facility will not allow such repurchases. See Description of Exchange Notes Repurchase at the Option of Holders Change of Control.

The indebtedness represented by the notes and the guarantees may be unenforceable due to fraudulent conveyance statutes.

We believe that the indebtedness represented by the notes and the guarantees is being incurred for proper purposes and in good faith and that, based on present forecasts, asset valuations and other financial information, we and our guarantor are, and after the consummation of this offering, we will be, solvent and will have sufficient capital for carrying on our business and will be able to pay our debts as they come due. Notwithstanding this belief, however, under federal or state fraudulent transfer laws, if a court of competent

jurisdiction in a suit by an unpaid creditor or representative of creditors (such as a trustee in bankruptcy or a debtor-in-possession) were to find that we or our guarantor did not receive fair consideration (or reasonably equivalent value) for issuing the notes or the guarantee and or any indebtedness refinanced by the notes and at the time of the issuance of that indebtedness or guarantee, we or our guarantor were insolvent, were rendered insolvent by reason of that incurrence, were engaged in a business or transaction for which our remaining assets constituted unreasonably small capital, intended to incur, or believed that we would incur, debts beyond our ability to pay such debts as they became due, or that we intended to hinder, delay or defraud our creditors, then that court could, among other things, (i) void all or a portion of our obligations to the holders of the notes or our guarantor s obligations under the guarantee, (ii) recover all or a portion of the payments made to holders of the notes and/or (iii) subordinate our or our guarantor s obligations to the holders of the notes to our other existing and future indebtedness to a greater extent than would otherwise be the case, the effect of which would be to entitle those other creditors to be paid in full before any payment could be made on the notes. The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, a company would be considered insolvent for purposes of the foregoing if the sum of that company s debts was greater than all of that company s assets at a fair valuation, or if the present fair saleable value of that company s assets was less than the amount that would be required to pay the probable liability on its existing debts as they become absolute and due. There can be no assurance as to what standards a court would apply to determine whether we or our guarantor were solvent at the relevant time, or whether, whatever standard was applied, the notes would not be voided on another of the grounds set forth above.

If an active trading market does not develop for these notes, you may not be able to resell them.

The exchange notes will be new securities for which there currently is no market. Although the initial purchaser of the original notes informed us at the time of issuance of the original notes that they intended to make a market in the original notes, they made no such undertaking with respect to the exchange notes and, with respect to the original notes, they are not obligated to make such a market and they may discontinue any such market-making that they may elect to undertake at any time without notice. Accordingly, we cannot assure you that a liquid market for the exchange notes will develop or be maintained. Although the original notes are eligible for trading on the PORTAL^{SM} Market, we cannot assure you that an active trading market will develop for the notes. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities.

Risks Related to the Exchange Offer

If you do not properly tender your original notes for exchange notes, you will continue to hold unregistered notes that are subject to transfer restrictions.

We will only issue exchange notes in exchange for original notes that are duly tendered to the exchange agent together with all required documents and not withdrawn. Therefore, you should allow sufficient time to ensure timely delivery of the original notes and you should carefully follow the instructions on how to tender your original notes set forth under The Exchange Offer Procedures for Tendering Original Notes and in the letter of transmittal that you will receive with this prospectus. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of the original notes.

If you do not tender your original notes or if we do not accept your original notes because you did not tender your original notes properly, then you will continue to hold original notes that are subject to the existing transfer restrictions. In addition, if you tender your original notes for the purpose of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. If you continue to hold any original notes after the exchange offer is completed, you may have difficulty selling them because of the restrictions on transfer and because there will be fewer original notes outstanding. In addition, if a large amount of original notes are not tendered or are tendered improperly, the limited amount of exchange

notes that would be issued and outstanding after we complete the exchange offer could lower the market price of the exchange notes.

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If an active trading market does not develop for the exchange notes, you may be unable to sell the exchange notes or to sell them at a price you deem sufficient.

The exchange notes will be new securities for which there is no established trading market. We do not intend to list the exchange notes on any national securities exchange or the Nasdaq Stock Market. We cannot give you any assurance as to:

- the liquidity of any trading market that may develop;
- the ability of holders to sell their exchange notes; or
- the price at which holders would be able to sell their exchange notes.

Even if a trading market develops, the exchange notes may trade at higher or lower prices than their principal amount or purchase price, depending on many factors, including:

- prevailing interest rates;
- the number of holders of the exchange notes;
- the interest of securities dealers in making a market for the exchange notes;
- the market for similar exchange notes; and
- our operating performance and financial condition.

Moreover, the market for non-investment grade debt has historically been subject to disruptions that have caused volatility in prices. It is possible that the market for the notes will be subject to disruptions. A disruption may have a negative effect on you as a holder of the notes, regardless of our prospects or performance.

Finally, if a large number of holders of original notes do not tender original notes or tender original notes improperly, the limited amount of exchange notes that would be issued and outstanding after we complete the exchange offer could adversely affect the development of a market for the exchange notes.

Risks Related to our Prior Auditors

Arthur Andersen LLP, our former auditors, audited certain financial information set forth in this prospectus. In the event such financial information is later determined to contain false statements, you may be unable to recover damages from Arthur Andersen LLP.

Arthur Andersen LLP completed its audit of our financial statements as of December 31, 2001 and for the three years then ended and issued its report with respect to such financial statements on February 25, 2002. Subsequently, Arthur Andersen LLP was convicted of obstruction of justice for activities relating to its previous work for Enron Corp. This audit covered financial information for the 2000 and 2001 fiscal years that is included in this prospectus under Selected Historical Consolidated Financial Data.

In 2002, our board of directors approved the appointment of BKD, LLP as our independent accountants to audit our financial statements for fiscal year 2002. BKD, LLP, replaced Arthur Andersen LLP, which had previously served as our independent auditors. We had no disagreements with Arthur Andersen LLP on any matter of accounting principle or practice, financial statement disclosure, auditing scope or procedure required to be disclosed.

Arthur Andersen LLP has stopped conducting business before the SEC, has ceased accounting and audit-related practice and has limited assets available to satisfy the claims of creditors. As a result, you may be limited in your ability to recover damages from Arthur Andersen LLP under federal or state law if it is later determined that there are false statements contained in this prospectus relating to financial data audited by Arthur Andersen LLP. In addition, the ability of Arthur Andersen LLP to satisfy any claims (including claims arising from its provision of auditing and other services to us) is limited as a result of the diminished amount of assets of Arthur Andersen LLP that are now or may in the future be available to satisfy claims.

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USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement by and among us, GSI Holdings and the initial purchaser of the notes. We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. We will receive in exchange original notes in like principal amount. We will retire or cancel all of the original notes tendered in the exchange offer.

On May 16, 2005, we issued and sold the original notes. The net proceeds of the offering of the original notes, after deducting the initial purchaser s fees and our other offering expenses, were approximately $105.0 million. We used the net proceeds from the offering, together with borrowings under our refinanced credit facility, to refinance substantially all of our existing indebtedness and pay certain fees and expenses associated with the Acquisition and the Financing Transactions.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the last five years and for the three months ended April 1, 2005.

Year Ended December 31,					Three Months Ended
2000	**2001**	**2002**	**2003**	**2004**	**April 1, 2005**
1.12	0.84	0.21	0.61	1.32	2.28

For purposes of calculating our ratio of earnings to fixed charges:

Earnings consist of (i) pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries and (ii) fixed charges.

Fixed charges consist of (i) interest expensed and capitalized, (ii) amortized premiums, discounts and capitalized expenses related to indebtedness and (iii) an estimate of the interest within rental expense.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of April 1, 2005 on an actual basis and to give pro forma effect to the Acquisition and the Financing Transactions, and the application of the net proceeds therefrom, as if they had occurred on April 1, 2005.

You should read this table in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus, as well as the information set forth under the captions Use of Proceeds, Unaudited Pro Forma Consolidated Financial Data, Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and Description of Other Indebtedness.

	(Unaudited) April 1, 2005	
	Actual	**Pro Forma**
	(dollars in thousands)	
Cash and cash equivalents	1,987	1,987
Debt:		
Revolving credit facility and term loan(1)	30,454	19,099
Other long-term debt(2)	387	387
Stockholder loans(3)	5,000	
New 12% senior notes due 2013		110,000
10 1/4% senior subordinated notes due 2007	99,277	
Total debt	135,118	129,486
Stockholders equity (deficit)	(44,436)	56,340
Total capitalization	90,682	185,826

(1) As of April 1, 2005, after giving pro forma effect to the Financing Transactions as more fully described in Use of Proceeds, we would have had approximately $30.0 million of availability under our refinanced credit facility.

(2) Consists of secured debt of Agromarau Indústria E Comércio Ltda., our Brazilian subsidiary, which debt will remain outstanding after the closing of this offering.

(3) Consists of loans from our former founder and selling majority stockholder, Craig Sloan. Prior to the Acquisition, Craig Sloan, who was then serving as our Chairman of the Board, advanced loans to us from time to time for general corporate purposes. As of April 1, 2005, the aggregate principal amount outstanding under the loans was $5.0 million.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following sets forth our unaudited pro forma consolidated financial data, giving effect to the Financing Transactions and the Acquisition. We derived the following unaudited pro forma consolidated financial information by applying pro forma adjustments to our historical consolidated financial statements included elsewhere in this prospectus. The unaudited pro forma consolidated balance sheet as of April 1, 2005 gives effect to the Financing Transactions and the Acquisition as if they had occurred on April 1, 2005. The unaudited pro forma consolidated statements of operations and other data for the year ended December 31, 2004 and the three months ended April 2, 2004 and April 1, 2005 give effect to the Financing Transactions and the Acquisition as if they had occurred on January 1, 2004. We describe the assumptions underlying the pro forma adjustments in the accompanying notes, which should be read in conjunction with these unaudited pro forma consolidated financial data.

As discussed in our audited consolidated financial statements included in this prospectus, certain historical information in our audited consolidated financial statements and our unaudited condensed consolidated financial statements has been restated. You should read note 18 to our audited consolidated financial statements beginning on page F-24 as well as Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information about these restatements. The unaudited pro forma consolidated financial data presented below reflects these restatements.

The pro forma adjustments are preliminary and based on information obtained to date and are subject to revision as additional information becomes available. The pro forma adjustments described in the accompanying notes will be made as of the closing date of the Financing Transactions and the Acquisition and may differ from those reflected in these unaudited pro forma consolidated financial data. The unaudited pro forma consolidated financial data set forth below should not be considered indicative of actual results that would have been achieved had the Financing Transactions and the Acquisition been consummated on the date or for the periods indicated and do not purport to indicate consolidated balance sheet data or statement of operations data or other financial data as of any future date or for any future period.

The unaudited pro forma consolidated financial data should be read in conjunction with the information contained in Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and related notes appearing elsewhere in this prospectus.

The unaudited pro forma consolidated financial data has been prepared giving effect to the Acquisition in accordance with Statement of Financial Auditing Standards (SFAS) No. 141, Business Combinations. The estimated total purchase price of the Acquisition, including related fees and expenses, was allocated to our net assets based upon our preliminary estimates of fair value based on a formal valuation performed by an independent appraisal firm. The purchase price allocation for the Acquisition is preliminary and further changes are likely to be made based upon (i) adjustments to the formal valuation analysis by a third party appraisal firm and (ii) the potential application of EITF 88-16, Basis in Leveraged Buyout Transactions, if our management team purchases shares of GSI Holdings common stock.

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The GSI Group, Inc.

Unaudited Pro Forma Condensed Balance Sheet

April 1, 2005

	Historical GSI Group, Inc.	Pro Forma Adjustments(1)	Pro Forma GSI Group, Inc.
		(dollars in thousands)	
Assets			
Current Assets:			
Cash and cash equivalents	$ 1,987		$ 1,987
Accounts receivable, net	29,275		29,275
Inventories, net	51,533	5,289(1)	56,822
Prepaids	1,114	734(2)	1,848
Other	3,670	(627)(3)	3,043
Total current assets	87,579	5,396	92,975
Property, Plant and Equipment, net	32,165	561(1)	32,726
Other Assets:			
Goodwill	10,254	20,782(1)	31,036
Other intangible assets, net	1,332	56,448(1)	57,780
Deferred financing costs, net	2,443	2,785(1),(5)	5,228
Deferred taxes, net	1,254	5,041(1)	6,295
Other	101		101
Total assets	$ 135,128	$ 91,013	$ 226,141
Liabilities and Stockholders Equity (Deficit)			
Current Liabilities:			
Accounts payable	$ 18,383		$ 18,383
Payroll and payroll related expenses	5,737		5,737
Accrued interest	4,374	(4,374)(4)	
Accrued warranty			
Other accrued expenses	6,811	243(5)	7,054
Customer deposits	7,581		7,581
Current maturities of long-term debt	5,116	(5,000)(6)	116
Total current liabilities	48,002	(9,131)	38,871
Long-Term Debt, less current maturities	130,002	(632)(6)	129,370
Minority Interest	1,560		1,560
Stockholders Equity (Deficit)	(44,436)	100,776(7)	56,340
Total liabilities and stockholders equity	$ 135,128	$ 91,013	$ 226,141

(1) The unaudited pro forma consolidated financial data has been prepared giving effect to the Acquisition in accordance with SFAS No. 141, Business Combinations, and reflects the push-down of GSI Holdings basis into our financial statements. The total purchase price of the

Acquisition, including related fees and expenses, have been allocated to our net tangible assets based upon our preliminary estimates of fair value. The consideration remaining was then allocated to identifiable intangibles with a finite life and amortized over that life, as well as to goodwill and identifiable intangibles with an indefinite life, which will have to be evaluated prospectively on an annual basis to determine impairment and adjusted accordingly. The purchase price allocation for the Acquisition is preliminary and further changes may be made based upon (i) adjustments to the formal valuation analysis by a third party independent appraisal firm and (ii) the potential application of EITF 88-16, Basis in Leveraged Buyout Transactions if our management team purchases stock of our holding company.

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	($ in thousands)
Sources:	
Senior Notes due 2013	$ 110,000
Senior Credit Facility	19,099
Equity from sponsor	56,340
Total sources of funds:	$ 185,439
Uses:	
Repay existing indebtedness	$ 135,454
Repay accrued interest and redemption premium	6,961
Estimated fees and expenses	7,356
Purchase of representation and warranty insurance	734
Purchase price to selling stockholders	34,934
Total uses of funds:	$ 185,439

	($ in thousands)
Total acquisition consideration:	
Cash paid to selling shareholders	$ 34,934
Repayment of indebtedness	135,454
Repayment of accrued interest & redemption premium	6,961
Liabilities assumed	40,459
Estimate of acquisition expenses (a)	2,371
Total acquisition consideration	$ 220,179
Less: Historical net book value of tangible assets acquired	120,472
Excess purchase price to be allocated	$ 99,707
Preliminary allocation adjustments:	
Inventory step-up (b)	(5,289)
Property, plant and equipment step-up (b)	(561)
Trade names (b)	(14,300)
Technology (b)	(5,700)
Order Backlog (b)	(3,490)
Non-compete agreement (b)	(2,890)
Customer relationships (b)	(31,400)
Deferred tax assets (c)	(5,041)
Goodwill	(31,036)
	$

(a) Total fees and expenses approximated $7,599 of which $2,371 are direct costs related to the acquisition and $5,228 relate to the financing and are capitalized as deferred financing fees on the pro forma balance sheet.

(b) Reflects management's preliminary estimate of fair value to tangible assets and identifiable intangible assets with a finite life based on a preliminary valuation performed. The purchase price allocation was performed with the assistance of an independent appraisal

firm to determine valuations of certain tangible and identifiable intangible assets. Finite-lived assets include (i) trade names 20 years, (ii) technology (e.g. patents) 10 years, (iii) order backlog 1 year, (iv) non-compete agreements 12 years , and (v) customer relationships 11-14 years.

(c) Reflects the estimate of the impact of the preliminary allocation of purchase price on our deferred taxes. An estimated effective income tax rate of 40% for the U.S. business has been used.

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(2) Represents a prepaid asset related to certain insurance purchased by the Company in connection with the transaction.

(3) Reflects the elimination of a receivable from the Yemen YCII Company. In connection with the Stock Purchase Agreement, this asset was retained by the selling shareholders and will not be an asset to the Company prospectively.

(4) Represents accrued interest of $4,374 on the 10 $^{1}/4$% senior subordinated notes due 2007 redeemed as part of the Financing Transactions. See "Sources and Uses" for additional information.

(5) Represents an accrued liability for $243 related to deal fees and expenses that were not paid at closing. The corresponding adjustment was to increase deferred financing fees by the same amount.

(6) Reflects the net impact of the Financing Transactions.

(7) Reflects the elimination of GSI's historic shareholders deficit and reflects the Sponsor's new equity contribution to be made in connection with the Financing Transactions.

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The GSI Group, Inc.

Unaudited Pro Forma Condensed Statement of Income

Year Ended December 31, 2004

	2004 Year		
	Historical GSI Group, Inc. Restated	Pro Forma Adjustments (1), (8)	Pro Forma GSI Group, Inc.
Sales	$ 288,131		$ 288,131
Cost of sales	224,027	(1,462)(2)	222,565
Gross profit	64,104	1,462	65,566
Selling, general and administrative expenses	37,551	(839)(3)	36,712
FarmPro loss	7,152		7,152
Amortization expense	649	7,051(4)	7,700
Total operating expenses	45,352	6,212	51,564
Operating income	18,752	(4,750)	14,002
Other income (expense):			
Interest expense	(14,104)	(1,040)(5)	(15,144)
Interest income	446		446
Loss on sale of fixed assets	(452)		(452)
Foreign currency transaction loss	(146)		(146)
Other, net	62		62
Income (loss) before income taxes	4,558	(5,790)	(1,232)
Income tax provision (benefit)	499	(1,016)(6)	(517)
Income (loss) from continuing operations	4,059	(4,774)	(715)
Discontinued operations:			
Gain from sale of discontinued operations	118		118
Gain (loss) from discontinued operations, net of income taxes	(93)		(93)
Income (loss) before minority interest	4,084	(4,774)	(690)
Minority interest in net income (loss) from subsidiary	(92)		(92)
Net income (loss)	$ 3,992	$ (4,774)(7),(8)	$ (782)

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The GSI Group, Inc.

Unaudited Pro Forma Condensed Statement of Income

Three Months Ended April 2, 2004

	Q1 2004		
	Historical GSI Group, Inc. Restated	Pro Forma Adjustments (1), (8)	Pro Forma GSI Group, Inc.
Sales	$ 58,444		$ 58,444
Cost of sales	46,143	(356)(2)	45,787
Gross profit	12,301	356	12,657
Selling, general and administrative expenses	8,705	(476)(3)	8,229
FarmPro loss			
Amortization expense	162	1,764(4)	1,926
Total operating expenses	8,867	1,288	10,155
Operating income	3,434	(932)	2,502
Other income (expense):			
Interest expense	(3,075)	(711)(5)	(3,786)
Interest income	120		120
Loss on sale of fixed assets	(423)		(423)
Foreign currency transaction loss	131		131
Other, net	(89)		(89)
Income (loss) before income taxes	98	(1,643)	(1,545)
Income tax provision (benefit)	99	(748)(6)	(649)
Income (loss) from continuing operations	(1)	(895)	(896)
Discontinued operations:			
Gain from sale of discontinued operations			
Gain (loss) from discontinued operations, net of income taxes	129		129
Income (loss) before minority interest	128	(895)	(767)
Minority interest in net income (loss) from subsidiary	(23)		(23)
Net income (loss)	$ 105	$ (895)(7),(8)	$ (790)

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The GSI Group, Inc.

Unaudited Pro Forma Condensed Statement of Income

Three months ended April 1, 2005

	Q1 2005		
	Historical GSI Group, Inc. Restated	**Pro Forma Adjustments (1), (8)**	**Pro Forma GSI Group, Inc.**
Sales	$ 72,674		$ 72,674
Cost of sales	55,991	(536)(2)	55,455
Gross profit	16,683	536	17,219
Selling, general and administrative expenses	8,827	(92)(3)	8,735
FarmPro loss			
Amortization expense	162	891(4)	1,053
Total operating expenses	8,989	799	9,788
Operating income	7,694	(263)	7,431
Other income (expense):			
Interest expense	(3,581)	(205)(5)	(3,786)
Interest income			
Loss on sale of fixed assets			
Foreign currency transaction loss			
Other, net	529		529
Income (loss) before income taxes	4,642	(468)	4,174
Income tax provision (benefit)	614	1,139(6)	1,753
Income (loss) from continuing operations	4,028	(1,607)	2,421
Discontinued operations:			
Gain from sale of discontinued operations			
Gain (loss) from discontinued operations, net of income taxes			
Income (loss) before minority interest	4,028	(1,607)	2,421
Minority interest in net income from subsidiary	(55)		(55)
Net income (loss)	$ 3,973	$ (1,607)(7),(8)	$ 2,366

(1) The unaudited pro forma consolidated financial data has been prepared giving effect to the Acquisition in accordance with SFAS No. 141, Business Combinations, and reflects the push-down of GSI Holdings basis into our financial statements. The estimated total purchase price of the Acquisition, including related fees and expenses, have been allocated to our net tangible assets based upon our preliminary estimates of fair value. The consideration remaining was then allocated to identifiable intangibles with a finite life and amortized over that life, as well as to goodwill and identifiable intangibles with an indefinite life, which will have to be evaluated prospectively on an annual basis to

determine impairment and adjusted accordingly. The purchase price allocation for the Acquisition is preliminary and further changes are likely to be made based upon (i) adjustments to the formal valuation analysis by a third party independent appraisal firm and (ii) the potential application of EITF 88-16, Basis in Leveraged Buyout Transactions if our management team purchases stock of our holding company subsequent to the acquisition.

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(2) Represents the following adjustment to depreciation expense within cost of goods sold, (in thousands):

	Year Ended December 31, 2004	Three Months Ended April 2, 2004	Three Months Ended April 1, 2005
New depreciation of property, plant and equipment (a)	$ 2,496	$ 624	$ 624
Historical depreciation expense in cost of goods sold	3,958	980	1,160
Adjustment to depreciation expense	$ (1,462)	$ (356)	$ (536)

(a) Depreciation of property, plant and equipment is calculated using the straight line method over an average remaining useful life of approximately 10.3 years based on a valuation identified during the preliminary allocation of purchase price by an independent appraisal firm.

(3) Represents the following adjustment to selling, general and administrative expense, (in thousands):

	Year Ended December 31, 2004	Three Months Ended April 2, 2004	Three Months Ended April 1, 2005
YCII legal expense (a)	$ (1,097)	$ (632)	$ (4)
YCII bad debt expense (b)	400		
Charlesbank management fee (c)	600	150	150
BMA Consulting fees (d)	(791)		(126)
Incremental insurance expense (e)	122	31	31
New depreciation of property, plant and equipment (f)	(73)	(25)	(143)
Adjustment to selling, general, and administrative expenses	$ (839)	$ (476)	$ (92)

(a) In 2004, we incurred legal fees related to a dispute with YCII in connection with a grain facility erection project begun in 1998. As part of the Acquisition, all of our interests in this matter, as well as all of our obligations and liabilities relating to this litigation, will be transferred to a litigation trust for the benefit of the selling shareholders. This adjustment represents the removal of those expenses.

(b) In 2004, we reversed bad debt expense that was recorded in previous periods in respect of amounts receivable from YCII. This adjustment reflects the removal of the impact of this reversal.

(c) Reflects the new annual monitoring fee to be paid to affiliates of our Sponsor in accordance with the Corporate Development and Administrative Services Agreement to be entered into at closing. See Certain Relationships and Related Transactions.

(d) Reflects the removal of the expenses incurred in 2004 relating to a consulting arrangement that GSI had with BMA Consulting, an affiliate of our majority stockholder. In connection with the transaction, the BMA Consulting agreement will be terminated.

(e) Reflects the incremental insurance expense resulting from the new insurance policies that were purchased in connection with the transaction. These incremental insurance policies are being amortized over the six year policy period.

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(f) Represents the following adjustment to depreciation expense within selling, general and administrative expense, (in thousands):

	Year Ended December 31, 2004	Three Months Ended April 2, 2004	Three Months Ended April 1, 2005
New depreciation of property, plant and equipment (i)	$ 624	156	156
Historical depreciation expense in selling, general and administrative expenses	697	181	299
Adjustment to depreciation expense	$ (73)	$ (25)	$ (143)

(i) Depreciation of property, plant and equipment is calculated using the straight line method over an average remaining useful life of approximately 10.3 years identified during the preliminary allocation of purchase price.

(4) Represents the following adjustments to historical depreciation and amortization within operating expenses based on the application of purchase accounting to the Transaction (in thousands):

	Year Ended December 31, 2004	Three Months Ended April 2, 2004	Three Months Ended April 1, 2005
New amortization expense of intangible asset trade name (a)	$ 715	$ 179	$ 179
New amortization expense of intangible asset technology (a)	570	143	143
New amortization expense of intangible asset order backlog (a)	3,490	873	
New amortization expense of intangible asset non-compete agreement (a)	241	60	60
New amortization expense of intangible asset Grain customer relationships (a)	1,436	359	359
New amortization expense of intangible asset Swine customer relationships (a)	621	155	155
New amortization expense of intangible asset Poultry customer relationships (a)	627	157	157
Total new amortization expense	$ 7,700	$ 1,926	$ 1,053
Historical amortization expense within operating expenses	649	162	162
Adjustment to depreciation and amortization expense within operating expenses	$ 7,051	$ 1,764	$ 891

(a) Amortization is based on the estimated useful life of the intangible assets identified during the preliminary allocation of purchase price by an independent appraisal firm. See the footnotes to the pro forma balance sheet for additional information.

(5) Reflects the net change in interest expense as a result of the new financing arrangements to fund the acquisition, which is calculated as follows (in thousands):

	Year Ended December 31, 2004	Three Months Ended April 2, 2004	Three Months Ended April 1, 2005
Cash interest on borrowings post closing	$ 14,389	$ 3,597	$ 3,597
Amortization of deferred financing costs	755	189	189
Total pro forma interest expense	15,144	3,786	3,786
Less: Historical interest expense	14,104	3,075	3,581
Adjustment to net interest expense	$ 1,040	$ 711	$ 205

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(6) Reflects the income tax adjustment required to result in a pro forma income tax provision due to changing from an S-Corp to a C-Corp as well as factoring in the tax effect of the pro forma adjustments. An estimated effective income tax rate of 42% for the overall business has been used.

(7) The unaudited pro forma combined statement of operations does not reflect non-recurring charges that will be incurred in connection with the amortization of approximately $5,289 throughout cost of goods sold related to the write-up of inventory to fair value in purchase accounting, which will be included in the results of operations in the periods in which inventory is sold.

(8) Income from discontinued operations and net income are included in this presentation to provide a basis for the presentation of pro forma net income in the Summary Pro Forma Consolidated Financial Data.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data for the years ended December 31, 2002, 2003 and 2004 are derived from our audited consolidated financial statements for such periods, which are included in this prospectus. These financial statements have been audited by BKD, LLP, an independent public accounting firm, except for the financial statements of certain of our foreign subsidiaries whose statements were audited by other accountants. The selected historical consolidated financial data for the years ended December 31, 2000 and 2001 are derived from our audited financial statements for such periods, which were audited by Arthur Andersen LLP and which are not included in this prospectus. See Risk Factors Risks Relating to our Prior Auditors and Independent Public Accountants. The selected historical condensed consolidated financial data for the three months ended April 2, 2004 and April 2, 2005, are derived from our unaudited consolidated financial statements for such periods, which are included in this prospectus.

As discussed in the explanatory note to our audited consolidated financial statements included in this prospectus, certain historical information in our audited consolidated financial statements and our unaudited condensed consolidated financial statements has been restated. You should read note 18 to our audited consolidated financial statements beginning on page F-24 and Management s Discussion and Analysis of Financial Condition and Results of Operations Restatements for additional information about these restatements. The selected historical consolidated financial data presented in the tables below reflect these restatements.

The selected historical consolidated data are presented for informational purposes only and do not purport to project our financial position as of any future date or our results of operations for any future period. You should read the following selected historical financial information in conjunction with our consolidated financial statements and related notes and the information contained elsewhere in this prospectus and the information under Unaudited Pro Forma Consolidated Financial Data, Capitalization and Management s Discussion and Analysis of Financial Condition and Results of Operations.

Prior to the Acquisition, we operated as a subchapter S corporation. Accordingly, we had not been subject to federal income taxation prior to the Acquisition, and no provision for federal income taxes has been included for such periods. Immediately following the closing of the Acquisition, however, we converted to a subchapter C corporation and became a taxable entity subject to federal income taxation for all periods thereafter.

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	Year Ended December 31,					Three Months Ended April 1,	
	2000 Restated	2001 Restated	2002 Restated	2003 Restated	2004 Restated	2004 Restated	2005 Restated
	(dollars in thousands)						
Statement of Operations Data:							
Sales	$ 243,164	$ 228,938	$ 229,518	$ 236,868	$ 288,131	$ 58,444	$ 72,674
Cost of sales	186,847	176,195	187,528	188,197	224,027	46,143	55,991
Gross profit	56,317	52,743	41,990	48,671	64,104	12,301	16,683
Operating expenses	39,936	41,160	38,944	41,050	45,352	8,867	8,989
Operating income	16,381	11,583	3,046	7,621	18,752	3,434	7,694
Interest expense	(14,997)	(14,397)	(13,010)	(13,215)	(14,104)	(3075)	(3,581)
Other income (expense)	439	310	(610)	256	(90)	284	474
Income (loss) from continuing operations before income taxes	1,823	(2,504)	(10,574)	(5,338)	4,558	75	4,587
Income tax provision (benefit)	(657)	(762)	106	(995)	499	99	614
Income (loss) from continuing operations	2,480	(1,742)	(10,680)	(4,343)	4,059	(24)	3,973
Discontinued operations:							
Gain from sale of discontinued operations					118		
Gain from discontinued operations, net of tax	121	95	303	142	(93)	129	
Income (loss) before minority interest	2,601	(1,647)	(10,377)	(4,201)	4,084	105	3,973
Minority interest in net income of subsidiary			(26)	(77)	(92)		
Net income (loss)	2,601	(1,647)	(10,403)	(4,278)	3,992	105	3,973

	Year Ended December 31,					Quarter Ended March 31,	
	2000 Restated	2001 Restated	2002 Restated	2003 Restated	2004 Restated	2004 Restated	2005 Restated
	(dollars in thousands)						
Balance Sheet Data (end of period):							
Cash and cash equivalents	$ 2,679	$ 2,828	$ 2,936	$ 3,439	$ 2,304	$ 2,508	$ 1,987
Working capital	47,077	56,158	50,196	43,120	40,335	49,990	39,577
Property, plant and equipment, net	47,063	42,116	38,705	32,673	32,548	31,366	32,165
Total assets	161,445	150,238	136,898	129,131	130,677	143,654	135,128
Total debt	136,944	138,918	143,139	129,711	139,130	123,368	135,118
Total stockholders (deficit)	(15,146)	(19,964)	(35,876)	(38,310)	(46,835)	(25,373)	(44,436)
Other Financial Data							
Depreciation and amortization	8,744	8,692	7,065	6,350	5,303	1,364	1,622
Capital expenditures	6,251	4,387	5,170	1,739	6,322	577	1,268

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated consolidated financial statements and the notes thereto included elsewhere in this prospectus.

General

We are a major worldwide manufacturer of agricultural equipment. Our grain, swine and poultry products are used by producers and purchasers of grain, and by producers of swine and poultry. Demand for our 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 in their operations. In addition, fluctuations in grain and feed prices affect our sales, with sustained increases in grain and feed prices increasing demand for our grain equipment and decreasing demand for our swine and poultry equipment. We believe that our diversified product offerings mitigate the effects of fluctuations in the price of grain. Sales of our swine and poultry equipment are also affected by long-term trends in consumer demand for pork and poultry both domestically and internationally.

Sales of agricultural equipment are seasonal, with farmers traditionally purchasing grain storage bins and grain conditioning and handling equipment in the summer and fall in conjunction with the harvesting season, and swine and poultry producers purchasing equipment during prime construction periods in the spring, summer and fall. Our sales, operating income and net income have historically been lower during the first and fourth fiscal quarters as compared to the second and third quarters. Traditionally, this has caused us to have increased working capital needs during the second and third quarters as material is purchased and converted to inventory during the year.

Although our sales are primarily denominated in U.S. dollars and are not generally affected by currency fluctuations (except for transactions from our Brazilian operations), our production costs, profit margins and competitive position are affected by the strength of the U.S. dollar relative to the strength of the currencies in countries where our products are sold.

Our international sales have historically comprised a significant portion of our total sales. In 2004, 2003 and 2002, our international sales accounted for 35.1%, 34.4% and 36.6% of total sales, respectively. International operations generally are subject to various risks that are not present in domestic operations, including restrictions on dividends, restrictions on repatriation of funds, unexpected changes in tariffs and other trade barriers, difficulties in staffing and managing foreign operations, political instability, fluctuations in currency exchange rates, reduced protection for intellectual property rights in some countries, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely impact our international operations.

In July 2004, Craig Sloan retired as our chief executive officer, but was retained as a consultant to the Company and continued to serve as one of our directors and as the non-executive Chairman of the Board. At that same time, the Board of Directors elected Russell Mello as our chief executive officer. Promptly following the closing of the Acquisition, we retained an interim chief executive officer, William Branch, whereupon Mr. Mello 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 primary raw materials we use to manufacture our products are steel and polymers. Fluctuations in the prices of steel and, to a lesser extent, polymer materials can impact our cost of sales.

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Prior to the closing of the Acquisition, we operated as a subchapter S corporation and, accordingly, were not subject to federal income taxation for the periods for which historical financial information has been presented herein. Because our stockholders were subject to tax liabilities based on their pro rata share of our income, our policy was to make periodic distributions to our stockholders in amounts equal to such tax liabilities. We continued this policy while we operated as a subchapter S corporation, but immediately following the closing of the Acquisition we converted to a subchapter C corporation and became a taxable entity subject to federal income taxation for all periods thereafter.

Restatements Q1 2005 and Q1 2004

First Restatement

During the Company s 2004 year-end closing process, the Company discovered unintentional accounting errors in prior years financial statements. The errors were corrected in the 2004 financial statements. A description of the errors and related impact of each on the financial statements follows. Amounts are stated in whole dollars.

At the end of 2001, the Company began the process of shutting down its Mason City, Iowa plant, which served as the headquarters for its DMC subsidiary. As the Company began the revenue cycle process at its corporate headquarters, cost of sales estimates were understated during 2002, while cost accounting records were being developed for the products previously handled by the Mason City employees, which caused the remaining inherited inventory costs to be overstated by approximately $6,470,000. The Company became aware of the overstatement in early 2003, but erroneously assigned the overstated value to inventory that would flow through the cost of sales over the next few years. This erroneous correction reduced the stated value of the inventory by approximately $2,206,000 in 2003 and $4,264,000 in 2004. During the 2004 year-end closing process, this issue was re-examined, and the Company determined that it would be appropriate to restate the 2002 cost of sales and year-end inventory, the period when the overstatement occurred. This adjustment increased the previously reported 2004 quarterly net income by $360,000.

In 1997, the Company s majority stockholder began selling non-voting shares to certain employees. The Company s majority stockholder helped finance each employee s purchase with a loan to each employee with the shares as the only collateral for the notes. APB Opinion 25 and its interpretations require that these transactions be imputed to the Company s financial statements and be accounted for as variable stock awards, which practice the Company had not previously followed. Treatment of the transaction as a variable stock award requires the Company to recognize as compensation expense the extent to which the fair market value of the underlying shares exceeds the original purchase price for such shares. The fair value of the underlying shares first exceeded the price paid for the shares in 2002. The effect of recording the resulting compensation expense reduced previously reported 2004 quarterly net income by $448,000. There were no dividends paid to the non-voting stockholders during the first fiscal quarter of 2004.

In 2002, the Company entered into an agreement with the manager of its Brazilian subsidiary whereby the Company agreed to issue him shares of the Brazilian subsidiary s stock primarily based on the financial performance of the Brazilian subsidiary. This agreement constitutes a stock compensation arrangement for which the Company did not previously recognize compensation expense. The effect of recording compensation expense related to this arrangement reduced previously reported 2004 quarterly net income by $125,000.

Prior to the 2004 closing process, the Company had been using Mexican Pesos as the functional currency of its Mexican subsidiary. During the 2004 closing process, the Company determined that the correct functional currency of its Mexican subsidiary should be U.S. Dollars rather than Mexican Pesos. The effect of this change reduced previously reported 2004 quarterly net income by $6,000.

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The Company changed from a stop-loss workers compensation insurance policy to a high-deductible self-insured policy in 2000 and did not subsequently accrue a liability for claims incurred but not reported. The effect of accruing for such claims in 2004 reduced previously reported quarterly net income by $55,000.

The Company also made adjustments in 2004 to correct previous reporting of overhead adjustments in overseas inventories and gain on inter-company sales.

The impact of the above noted adjustments on the Company s financial statements for the first fiscal quarter of 2004 is summarized in the table below. Amounts are stated in thousands of dollars except for per share line items.

Second Restatement

Following the closing of the Acquisition on May 16, 2005, the new management appointed by the new owner of the Company discovered additional accounting errors in prior years financial statements. The errors have been corrected in the accompanying 2005 and 2004 financial statements. A description of the errors and related impact on each of the financial statements follows. Amounts are stated in whole dollars.

The Company made adjustments in the first fiscal quarter of 2005 and 2004 to correct its allowance for obsolete inventory to conform to the Company s historical policy. The effect of these changes reduced quarterly net income by $243,000 in the first fiscal quarter of 2005 and $140,000 in the first fiscal quarter of 2004.

The Company made adjustments in 2004 to expense warranty and research and development costs, which were erroneously included in inventory. The effect of these changes increased quarterly net income by $163,000 in the first fiscal quarter of 2004.

The Company made adjustments in 2005 and 2004 to correct the amount of overhead that was included in inventory. The previous inventory included an excessive amount of overhead. The effect of these changes reduced quarterly net income by $998,000 in the first fiscal quarter of 2005 and increased quarterly net income by $547,000 in the first fiscal quarter of 2004.

The combined effect of these changes reduced quarterly net income by $1,241,000 in the first fiscal quarter of 2005 and increased quarterly net income by $570,000 in the first fiscal quarter of 2004.

The impact of the above noted adjustments on the Company s financial statements for the first fiscal quarter of 2005 and 2004 are summarized in the table below. Amounts are stated in thousands of dollars except for per share line items.

	AS PREVIOUSLY	FIRST	AS	SECOND	AS

	REPORTED	RESTATEMENT	RESTATED	RESTATEMENT	RESTATED
UNAUDITED FIRST FISCAL QUARTER 2005					
Consolidated Balance Sheet:					
Inventory	$ 56,992			$ (5,389)	$ 51,533
Retained earnings	7,620			(5,389)	2,231
Consolidated Statement of Income:					
Cost of sales	54,750			1,241	55,991
Operating income	8,935			(1,241)	7,694
Net income	5,214			(1,241)	3,973
Basic and diluted loss per share	$ 6.31			$ (1.51)	$ 4.80

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	AS PREVIOUSLY REPORTED	FIRST RESTATEMENT	AS RESTATED	SECOND RESTATEMENT	AS RESTATED
UNAUDITED FIRST FISCAL QUARTER 2004					
Consolidated Balance Sheet:					
Inventory	$ 57,901			$ (1,233)	$ 56,668
Retained earnings	12,122			(1,233)	10,889
Consolidated Statement of Income:					
Cost of sales	47,104	(391)	46,713	(570)	$ 46,143
Selling, general and administrative expenses	8,161	544	8,705		
Operating income	3,207	(343)	2,864	570	3,434
Other, net	(179)	(6)	(185)		
Net loss	(159)	(306)	(465)	570	105
Basic and diluted loss per share	$ (0.09)	$ (0.17)	$ (0.26)	$ 0.20	$ (0.06)

Results of Operations (after second restatement)

Three Months Ended April 1, 2005 Compared to Three Months Ended April 2, 2004

Sales increased 24.4% or $14.3 million to $72.7 million in the first quarter of 2005 compared to $58.4 million in the first quarter of 2004. Grain sales increased 32% in the first quarter 2005 to $42.9 million primarily as a result of strong grain storage demand and market share penetration of new products such as grain transportation equipment. Strong sales of grain equipment in our Brazilian subsidiary also contributed to the increase. Swine sales increased 29.6% due to an improved swine production market that allows producers to upgrade equipment. Poultry equipment sales were essentially flat year over year.

Gross profit increased to $16.7 million in the first quarter of 2005 or 23.0% of sales from $12.3 million or 21.1% of sales in the same period of 2004. This increase was primarily due to increased volume, which allowed the company to leverage its fixed expenses.

Operating expenses increased 2.9% or $0.2 million to $9.0 million in the first quarter of 2005 from $8.9 million in the same period of 2004. This increase was primarily the result of increased selling expenses related to the increased volume.

Operating income increased to $7.7 million in the first quarter of 2005 from $3.4 million in the first quarter of 2004. Operating income margins increased to 10.6% of sales in 2005 from 5.9% in 2004.

Interest expense increased $0.5 million in the first quarter of 2005 as compared to the first quarter of 2004 due to higher borrowing costs.

Net income increased by $3.9 million to $4.0 million for the first quarter of 2005 from net income of $0.1 million in the same period of 2004.

Liquidity and Capital Resources

The Company has historically funded capital expenditures, working capital requirements, debt service, stockholder dividends and stock repurchases from cash flow from its operations, augmented by borrowings made under the Company s credit facility and the sale of the Company s notes.

The Company s working capital requirements for its operations are seasonal, with investments in working capital typically building in the second and third quarters and then declining in the first and fourth quarters. The Company defines working capital as current assets less current liabilities. As of April 1, 2005, the Company had

$39.6 million of working capital, a decrease of $0.8 million from working capital as of December 31, 2004. The decrease in working capital was primarily due to increases in payroll related expenses, accrued expenses, accrued interest, customer deposits and accounts payable and decreases in prepaids of $8.8 million, partially offset by increases in accounts receivable and inventory of $7.9 million.

Operating activities provided $7.1 million and $6.4 million in cash flow in the first quarters of 2005 and 2004, respectively. This $0.7 million increase in cash flow was primarily the result of an increase in net income, depreciation and amortization, inventory, deferred taxes and other current assets of $7.6 million, partially offset by a decrease in accounts receivable, accounts payable and customer deposits of $6.7 million compared to the first quarter of 2004.

Investing activities used $1.1 million and $0.3 million in cash flow in the first quarters of 2005 and 2004, respectively. The cash was used primarily for machinery and equipment purchases.

Financing activities used $6.3 million and $7.1 million in cash flow in the first quarters of 2005 and 2004, respectively. The cash was used primarily for payments on the Company s credit facility.

The Company believes that existing cash, cash flow from operations and available borrowings under its refinanced revolving credit facility will be sufficient to support its working capital, capital expenditures and debt service requirements for the foreseeable future.

On May 16, 2005, the Company entered into a five-year credit facility with lenders led by Wachovia Capital Finance Corporation (Central) to provide up to a maximum amount of $60.0 million, subject to various conditions including borrowing base availability to replace the Company s then-existing senior credit facility, which provided for maximum outstanding borrowings of $75.0 million. Up to $15.0 million of the facility will be available for issuances of letters of credit. The availability of revolving loans and letters of credit are based on a borrowing base, which includes accounts receivable, inventory and fixed assets. In addition, subject to the fulfillment of certain conditions, including the consent of the Export-Import Bank of the United States (Exim Bank) and any changes that may be required to our exiting agreements with Exim Bank, we expect to be able to borrow revolving loans and obtain letters of credit of up to $2.5 million based on the value of certain foreign subsidiary accounts receivable and inventory under the Exim Bank working capital guaranty program. Revolving loan borrowings bear interest at a rate per annum as elected by the Company equal to 1.5% to 2.0% over LIBOR or 0.0% to 0.50% over the Prime Rate, both being based on excess availability under the borrowing base.

Restatements 2004, 2003, 2002 and 2001

First Restatement

During the Company s year-end review of 2004, it discovered unintentional accounting errors in prior years financial statements. The errors have been corrected in the accompanying 2003, 2002 and 2001 financial statements. A description of the errors and related impact of each on the financial statements follows. Amounts are stated in whole dollars.

At the end of 2001, the Company began the process of shutting down its Mason City, Iowa plant, which served as the headquarters for its DMC subsidiary. As the Company began the revenue cycle process at its corporate headquarters, cost of sales estimates were understated during 2002, while cost accounting records were being developed for the products previously handled by the Mason City employees, which caused the remaining inherited inventory costs to be overstated by approximately $6 million. The Company became aware of the overstatement in early 2003, but erroneously assigned the overstated value to inventory that would flow through the cost of sales over the next few years. This erroneous correction reduced the stated value of the inventory by approximately $2.2 million in 2003 and $4.3 million in 2004. During the 2004 year-end closing process, this

issue was re-examined, and the Company determined that it would be appropriate to restate the 2002 cost of sales and year-end inventory, the period when the overstatement occurred.

In 1997, the Company s majority stockholder began selling non-voting shares to certain employees. The Company s majority stockholder helped finance each employee s purchase with a non-recourse, loan (in the form of interest-bearing notes) to each employee with the shares as the only collateral for the notes. APB Opinion 25 and its interpretations require that these transactions be imputed to the Company s financial statements and be accounted for as variable stock awards, which practice the Company had not previously followed. Treatment of the transaction as a variable stock award requires the Company to recognize as compensation expense the extent to which the fair market value of the underlying shares exceeds the original purchase price for such shares. The fair value of the underlying shares first exceeded the price paid for the shares in 2002. The effect of recording the resulting compensation expense reduced previously reported net income for 2003 by $484,097 and reduced previously reported net income for 2002 by $89,511. The dividends paid to the non-voting shareholders are classified as compensation expense and reduced previously reported net income for 2003, 2002 and 2001 by $62,584, $113,647 and $84,810, respectively.

In 2002, the Company entered into an agreement with the manager of its Brazilian subsidiary whereby the Company agreed to issue him shares of the Brazilian subsidiary s stock primarily based on the financial performance of the Brazilian subsidiary. This agreement constitutes a stock compensation arrangement for which the Company did not previously recognize compensation expense. The effect of recording compensation expense related to this arrangement reduced previously reported net income for 2003 by $340,000 and reduced previously reported net income for 2002 by $401,000.

Prior to the 2004 closing process, the Company had been using Mexican Pesos as the functional currency of its Mexican subsidiary. During the 2004 closing process, the Company determined that the correct functional currency of its Mexican subsidiary should be U.S. Dollars rather than Mexican Pesos. The effect of this change reduced previously reported 2003 and 2002 net income by $98,644 and $315,917, respectively, and increased previously reported 2001 net income by $69,692.

In 2001, 2002 and 2003, the Company s CEO and majority stockholder elected not to accept salary and board fees that were subsequently paid in 2004. The Company did not accrue these amounts in those years. The effects of accruing compensation for the Company s CEO reduced previously reported 2003, 2002 and 2001 net income by $100,000, $507,515 and $257,000, respectively.

The Company changed from a stop-loss workers compensation insurance policy to a high-deductible self-insured policy in 2000 and did not subsequently accrue a liability for claims incurred but not reported. The effect of accruing for such claims in 2003, 2002 and 2001 reduced previously reported net income by $289,506, $698,246 and $603,090, respectively.

The Company also made adjustments in 2003, 2002 and 2001 to correct previous reporting of overhead adjustments in overseas inventories and gain on inter-company sales.

Second Restatement

Following the closing of the Acquisition on May 16, 2005, the new management appointed by the new owner of the Company discovered additional accounting errors in prior years financial statements. The errors have been corrected in the accompanying 2004, 2003 and 2002 financial statements. A description of the errors and related impact on each of the financial statements follows. Amounts are stated in whole

dollars.

The Company made adjustments in 2004, 2003 and 2002 to correct its allowance for obsolete inventory to conform to the Company s historical policy. The effect of these changes reduced net income by $559,000 in 2004 and $1,307,000 in 2002, and increased net income by $283,000 in 2003.

The Company made adjustments in 2004, 2003 and 2002 to expense warranty and research and development costs, which were erroneously included in inventory. The effect of these changes increased net income by $654,000 and $51,000 in 2004 and 2002, respectively, and decreased net income by $558,000 in 2003.

The Company made adjustments in 2004, 2003 and 2002 to correct the amount of overhead that was included in inventory. The previous inventory balance included an excessive amount of overhead. The effect of these changes increased net income by $2,188,000 and $1,777,000 in 2004 and 2003, respectively, and decreased net income by $2,951,000 in 2002.

The combined effect of these changes increased net income by $2,283,000 and $ 1,502,000 in 2004 and 2003, respectively, and decreased net income by $4,207,000 in 2002. With respect to prior fiscal years summarized in Item 6 Selected Financial Data above, the combined effect of the changes effected by the these restatements decreased net income by $1,836,000 in 2001 and $2,678,000 in 2000.

The financial statement impact of the above noted adjustments is indicated in the table below stated in thousands of dollars except for per share line items:

	AS PREVIOUSLY REPORTED	FIRST RESTATEMENT	AS RESTATED	SECOND RESTATEMENT	AS RESTATED
FISCAL YEAR 2004					
Consolidated Balance Sheet:					
Inventory	$ 53,588			$ (4,935)	$ 48,653
Retained earnings	3,944			(4,935)	(991)
Consolidated Statement of Income:					
Cost of sales	226,310			(2,283)	$ 224,027
Operating income	16,469			2,283	18,752
Net income	1,709			2,283	3,992
Basic and diluted earnings per share	1.31			0.94	2.25

	AS PREVIOUSLY REPORTED	FIRST RESTATEMENT	AS RESTATED	SECOND RESTATEMENT	AS RESTATED
FISCAL YEAR 2003 (Note *)					
Consolidated Balance Sheet:					
Inventory	$ 54,165	$ (4,562)	$ 49,603	$ (7,218)	$ 42,385
Payroll and payroll related expenses	3,071	565	3,636		
Other accrued expenses	4,057	1,891	5,948		
Paid in capital	3,006	574	3,580		
Accumulated other comprehensive loss	(11,929)	345	(11,584)		
Retained earnings	12,531	(8,678)	3,853	(7,218)	(3,365)
Consolidated Statement of Income:					
Cost of sales	190,694	(481)	190,213	(1,502)	188,711
Selling, general and administrative expenses	36,591	3,602	40,193		
Operating income	9,290	(3,121)	6,169	1,502	7,671
Foreign currency transaction loss	(102)	(99)	(201)		
Other, net	(3,544)	3,749	205		

Minority interest in net income of subsidiary		(77)	(77)		
Net income (loss)	(6,232)	452	(5,780)	1,502	(4,278)
Basic and diluted earnings per share	$ (3.51)	$ 0.259	$ (3.26)	$ 0.85	$ (2.41)

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	AS PREVIOUSLY REPORTED	FIRST RESTATEMENT	AS RESTATED	SECOND RESTATEMENT	AS RESTATED
FISCAL YEAR 2002 (Note *)					
Consolidated Statement of Income:					
Cost of sales	$ 176,836	$ 7,097	$ 183,933	$ 4,207	$ 188,140
Selling, general and administrative expenses	36,767	1,087	37,854		
Operating income	15,787	(8,184)	7,603	(4,207)	3,396
Foreign currency transaction loss	(468)	(316)	(784)		
Minority interest in net income of subsidiary		(26)	(26)		
Net income (loss)	2,330	(8,526)	(6,196)	(4,207)	(10,403)
Basic and diluted earnings per share	$ 1.31	$ (4.80)	$ (3.49)	$ (2.37)	$ (5.86)

Note * The reported figures in these tables may differ from the Consolidated Statement of Operations because they do not reflect the reclassification of certain amounts for discontinued operations.

Results of Operations (after second restatement)

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Sales increased 21.6% to $288.1 million in 2004 compared to $236.9 million in 2003. Swine equipment sales increased 11.0% due to improving market conditions. Grain sales increased 26.6% in 2004 to $177.6 million primarily as a result of strong grain storage demand due to increased crop size, higher realized prices, and market share penetration of newer products such as grain transportation equipment. Strong sales of grain equipment in our Agromarau subsidiary also contributed to the increase. Poultry sales increased 16.5% year-over-year, primarily as a result of gains in domestic market share and higher realized prices. In October 2004, we sold the assets of our Canadian subsidiary, which accounted for $0.6 million in 2004 sales as compared to $0.8 million in 2003 sales.

Gross profit increased to $64.1 million in 2004, or 22.3% of sales, from $48.7 million or 20.6% of sales in 2003. This increase was primarily due to increased volume, which allowed the company to leverage its fixed expenses and higher realized prices, but was mostly offset by higher material costs.

Operating expenses increased 10.5%, or $4.3 million, to $45.4 million in 2004 from $41.1 million in 2003. This increase in operating expenses was the result of a $2.0 million year-over-year increase in stock-based compensation, a $7.2 million increase in expenses associated with the simultaneous purchase and sale of FarmPRO in December 2004, offset in part by $1.8 million in lower litigation and other expenses in 2004 relating to a dispute with the Yemen Company for Industrial Investment (YCII) and cost reduction initiatives. As a percentage of sales, operating expenses decreased to 15.7% in 2004 from 17.3% in 2003.

Operating income increased to $18.8 million in 2004 from $7.6 million in 2003. Operating income margins increased to 6.5% of sales in 2004 from 3.2% in 2003.

Interest expense increased $0.9 million due to slightly higher borrowing costs, as well as increased levels of debt incurred to fund stock repurchases in 2004.

Net income in 2004 was $4.0 million, compared to a net loss of $4.3 million in 2003.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Sales increased 3.2% or $7.4 million to $236.9 million in 2003 compared to $229.5 million in 2002. Poultry equipment sales were essentially flat. Increases in demand for grain products were partially offset by decreases in demand for swine products.

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Gross profit increased to $48.7 million in 2003 or 20.6% of sales from $42.0 million or 18.3% of sales in 2002. This increase was primarily due to an improvement in production efficiencies following the 2002 consolidation efforts.

Operating expenses increased 5.6% or $2.2 million to $41.1 million in 2003 from $38.9 million in 2002. As a percentage of sales, operating expenses increased to 17.3% in 2003 from 17.0% in 2002. This increase was primarily the result of the write off of the Yemen receivable.

Operating income increased to $7.6 million in 2003 from $3.0 million in 2002. Operating income margins increased to 3.2% of sales in 2003 from 1.3% in 2002.

Interest expense increased $0.2 million due to slightly higher borrowing costs.

Net loss decreased to $4.3 million in 2003 from $10.4 million in 2002.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Sales increased 0.3% or $0.6 million to $229.5 million in 2002 compared to $228.9 million in 2001. Grain equipment sales were essentially flat. Increases in demand for poultry products were offset by decreases in demand for swine products.

Gross profit decreased to $42.0 million in 2002 or 18.3% of sales from $52.7 million or 23.1% of sales in 2001. This decrease was primarily due to production inefficiencies caused by consolidation efforts.

Operating expenses decreased 5.6% or $2.3 million to $38.9 million in 2002 from $41.2 million in 2001. As a percentage of sales, operating expenses decreased to 16.9% in 2002 from 18.0% in 2001. This decrease was primarily the result of cost cutting measures, which included the consolidation of the Indianapolis office.

Operating income decreased to $3.0 million in 2002 from $11.6 million in 2001. Operating income margins decreased to 1.3% of sales in 2002 from 5.1% in 2001.

Interest expense decreased $1.4 million due to lower borrowing costs.

Net loss increased to $10.4 million in 2002 from $1.6 million in 2001.

Liquidity and Capital Resources

The Company has historically funded capital expenditures, working capital requirements, debt service, stockholder dividends and stock repurchases from cash flow from its operations, augmented by borrowings made under various credit agreements and the sale of the Notes.

The Company s working capital requirements for its operations are seasonal, with investments in working capital typically building in the second and third quarters and then declining in the first and fourth quarters. The Company defines working capital as current assets less current liabilities. As of December 31, 2004, the Company had $40.3 million of working capital, a decrease of $2.8 million as compared to its restated working capital as of December 31, 2003. This decrease in working capital was due largely to an increase in current maturities of long-term debt and a decrease in accounts receivable, partially offset by an increase in inventory.

The change in the Company s accounts receivable balance from 2003 to 2004 was attributable to a combination of the following factors:

(a) FarmPRO, Inc. Receivable Write Off: GSI wrote off $2.6 million in accounts receivable from FarmPRO, Inc. in 2004 the majority of which was recorded in 2003 or prior years, in connection with their restructuring and subsequent sale.

(b) Reversal of YCII Receivable Reserve: In 2004, GSI reversed $0.4 million of a reserve that the Company recorded in 2003 in respect of amounts receivable from YCII, a customer with whom GSI has a dispute relating to a grain facility erection project begun in 1998.

(c) Other: In 2004, GSI shifted a significant number of international accounts to prepay only accounts, in order to reduce bad debt expense. Furthermore, GSI improved its collection policies relating to certain of its product lines, in particular the transport augers, which contributed to a decrease in days outstanding.

(d) Increase in Reserve for Doubtful Accounts: GSI s reserve for doubtful accounts increased to $3.4 million during the fiscal year 2004.

From 2003 to 2004, on a restated basis, total inventory increased by 15%, while cost of goods, on a restated basis, increased by 19%. A more specific discussion of the year over year change in the components of inventory follows:

(a) Raw materials: Raw material inventory increased 67% from 2003 to 2004. This was driven by i) growth in sales driven by favorable trends in GSI s end markets (which management expects to continue in 2005); and ii) opportunistic purchases by management of raw materials during the 4th quarter in anticipation of rising steel costs in 2005.

(b) Work-in-process: Work in process inventory decreased by 49% during the year as a result of continuing implementation of lean manufacturing techniques as well as improved tracking and monitoring of work in process inventory in GSI s plants.

(c) Finished goods: Finished goods inventory increased 31% during the year. This was mainly attributable to sales growth during the year.

Operating activities generated $9.9 million, $13.4 million and $3.6 million of cash in 2004, 2003 and 2002, respectively. The decrease in cash flow from operating activities from 2003 to 2004 of $3.5 million was primarily the result of a change in inventory, accounts payable and customer deposits of $22.0 million offset by changes in net income, accounts receivable, accrued expenses, stock-based compensation and deferred taxes totaling $18.6 million.

The Company s capital expenditures totaled $6.3 million, $1.7 million and $5.2 million in 2004, 2003 and 2002, respectively. Capital expenditures have primarily been for machinery and equipment and the expansion of facilities. The Company anticipates that its capital expenditures in 2005 will be less than that of 2004.

Cash used in financing activities in 2004 consisted primarily of $14.6 million of treasury stock purchases, a $2.3 million payment of shareholder loans and a $1.6 million dividend for taxes offset by $2.9 million of borrowing under the Credit Facility and a $7.1 million shareholder loan. Cash used in financing activities in 2003 consisted primarily of $15.2 million of payments of long-term debt, a $2.2 million payment of shareholder loans and a $1.1 million dividend for taxes offset by $2.2 million of borrowing under the Credit Facility and a $1.6 million shareholder loan. Cash provided by financing activities in 2002 consisted primarily of $7.8 million of increased borrowings under the Credit Facility and a $1.5 million shareholder loan offset by $4.5 million of payments of long-term debt, a $1.8 million dividend for taxes, and a $0.7 million payment of shareholder loans.

The Company believes that existing cash, cash flow from operations and available borrowings under the Credit Facility will be sufficient to support its working capital, capital expenditures and debt service requirements for the foreseeable future.

On October 31, 2003, The GSI Group, Inc. (the Company) entered into a three-year credit facility with lenders led by Congress Financial Corporation (Central) to provide up to a maximum amount of $75.0 million, subject to various conditions including borrowing base availability to replace the Company s then-existing senior credit facility, which provided for maximum outstanding borrowings of $60.0 million. Revolving loans and letters of credit under the credit facility are based on a borrowing base, which includes accounts receivable, inventory and fixed assets. A $12.5 million term loan (which was subsequently increased to $20.8 million as

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described below) due October 31, 2006 is also included in the credit facility. Revolving loan borrowings bear interest at a rate per annum as elected by the Company equal to 2.5% to 3.0% over LIBOR or 0.0% to 0.50% over the Prime Rate, both being based on excess availability under the borrowing base. The term loan borrowings bear interest at a floating rate per annum equal to 8% over the Prime Rate (which was subsequently decreased as discussed below.

On July 9, 2004, the Company s credit facility was amended to provide for an additional $14.6 million term loan (approximately $6.2 million of the original term loan then remained outstanding). The Company used the proceeds from the increased term loan to repurchase shares of the Company s voting common stock from Craig Sloan upon his retirement from the Company. In connection with that amendment, Mr. Sloan and Congress Financial Corporation (Central) entered into a capital call agreement that requires Mr. Sloan to either make an investment in the Company or purchase a participation in the revolving loans if certain conditions are met.

On October 19, 2004, the Company s credit facility was amended to decrease the interest rate on the term loan to 6.75% over Prime Rate (subject to an 11% minimum and a 13.25% maximum) and to permit additional term loans on or prior to April 19, 2005, subject to various conditions including an aggregate limit of $17.5 million for all term loans and restrictions on reducing the term loans below $8 million.

On February 2, 2005, the Company s credit facility was amended to permit under certain conditions the payment of annual dividends in an amount not to exceed $2 million in the aggregate.

The Company s credit facility contains a number of covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, pay or make dividends or distributions to the Company s stockholders, create liens on assets, enter into sale and leaseback transactions and otherwise restrict our general corporate activities. The Company is also required to comply with specified financial ratios and tests, including maintenance of a minimum EBITDA, a senior debt to EBITDA ratio and a fixed charge coverage ratio.

The Company s credit facility contains various events of default, including defaults relating to payments, breaches of representations, warranties and covenants, certain events of bankruptcy and insolvency, defaults on other indebtedness, certain liens and encumbrances on assets and certain changes of control of the Company.

Borrowings under the credit facility are secured by substantially all of the Company s assets.

As of December 31, 2004, in addition to $11.0 million of outstanding term loans, the Company had $23.5 million of revolving loans outstanding and $4.4 million of standby letters of credit under the credit facility, which reduced the overall availability under the credit facility to $14.8 million.

Contractual Obligations

($ in thousands)

Payments due by period

	Total	2005	2006	2007	Thereafter
Long-term debt obligations(a)	$ 139,130	$ 5,167	$ 34,483	$ 99,480	
Operating lease obligations(b)	4,624	1,539	1,265	952	868
Purchase obligations(c)	79,300	43,200	36,100		
Interest obligations(d)	30,750	10,250	10,250	10,250	
Total	$ 254,728	$ 60,660	$ 82,518	$ 110,682	$ 868

(a) Includes principal payments due on long-term debt. See note 9, Long-term Debt, to our audited consolidated financial statements included elsewhere in this prospectus.

(b) See note 12, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus.

(c) Represents the minimum obligation under our supply arrangements related to product and/or services entered into in the normal course of our business.

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(d) Represents interest payments on our 10 1/4% senior subordinated notes due 2007. As discussed above, we redeemed the 10 1/4% senior subordinated notes pursuant to their terms upon the closing of the offering of the original notes, which will mature in 2013.

Inflation

We believe that inflation has not had a material effect on our results of operations or financial condition during recent periods.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions, and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. Note 2 to our consolidated financial statements describes the significant accounting policies and methods used in the preparation of our consolidated financial statements. Estimates are used for, but not limited to, the accounting for the allowance for doubtful accounts and sales returns, inventory allowances, warranty costs, investment impairments, goodwill impairments, contingencies, restructuring costs and other special charges, equity based compensation expense and taxes. Actual results could differ materially from these estimates. The following critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the consolidated financial statements.

Allowance For Doubtful Accounts

The allowance for doubtful accounts is based on our assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. If there were a deterioration of a major customer s creditworthiness, or actual defaults were higher than our historical experience, our estimates of the recoverability of amounts due to us could be overstated, which could have an adverse impact on our revenue.

Revenue Recognition

Revenue is recorded when products are shipped, collection is reasonably assured, the price is fixed and determinable and there is persuasive evidence of an arrangement. Provisions are made at that time, when applicable, for warranty costs to be incurred.

Revenues on long-term, fixed-price contracts are recognized using the percentage of completion method. Percentage of completion is determined by comparing the actual costs incurred to date to the total estimated cost for each contract. If the estimate indicates a loss on a particular contract, a provision is made for the entire estimated loss. Retainages are included as current and noncurrent assets in the accompanying consolidated balance sheets. Revenue earned in excess of billings is comprised of revenue recognized on certain contracts in excess of contractual billings on such contracts. Billings in excess of costs are classified as a current liability.

Inventory

Inventories are stated at the lower of cost or market, net of reserve for obsolete or slow moving inventory. Cost includes the cost of materials, labor and factory overhead. The cost of all domestic and international inventories was determined using the first-in-first-out (FIFO) method. As of December 31, 2004, the Company s policy for reserving for obsolete or slow moving inventory was to accrue reserves in the amount of the excess of amounts on hand over the trailing 36 month sales volumes for all finished goods and work in progress inventory, unless such excess amounts relate to newly introduced SKUs for which the Company has no long term sales history, in which case no reserve is applied. The Company did not have in place a policy for reserving for raw material inventory.

Warranty

We accrue for warranty costs based on historical trends in product return rates and the expected material and labor costs to provide warranty services. If we were to experience an increase in warranty claims compared with

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our historical experience or costs of servicing warranty claims were greater than the expectations on which the accrual had been based, our gross margins could be adversely affected.

Goodwill Impairment

We perform goodwill impairment tests on an annual basis. In response to changes in industry and market conditions, we may be required to strategically realign our resources and consider restructuring, disposing, or otherwise exiting businesses, which could result in impairment of goodwill.

Contingencies

We are subject to the possibility of various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted.

Self Insurance

A reserve for workers compensation IBNR (incurred but not reported) claims is established based on information provided by the insurance carrier. This reserve is adjusted monthly.

Compensation Expense

In 1997, our majority shareholder sold non-voting shares to certain employees at an arm s length market value price. Our majority shareholder helped finance each employee purchase with a non-recourse interest-bearing note with each employee with the shares being held as collateral against that note. The Company ascertains the market value of those shares at each quarter-end to determine if compensation expense should be recorded to comply with generally accepted accounting principles.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to market risk associated with adverse changes in interest rates and foreign currency exchange rates. The Company does not hold any market risk sensitive instruments for trading purposes. At December 31, 2004, principal exposed to interest rate risk was limited to $39.9 million in variable rate debt. The interest rates on the various debt instruments range from 4.25% to 12.25%. The Company measures its interest rate risk by estimating the net amount by which potential future net earnings would be impacted by hypothetical changes in market

interest rates related to all interest rate sensitive assets and liabilities. Therefore, a change in the interest rate of 1% will change earnings by $0.4 million.

At December 31, 2004, approximately 12.5% of the Company s sales were derived from international operations with exposure to foreign currency exchange rate risk. The Company mitigates its foreign currency exchange rate risk principally by establishing local production facilities in the markets it serves and by invoicing customers in the same currency as the source of the products. The Company also monitors its foreign currency exposure in each country and implements strategies to respond to changing economic and political environments. The Company s exposure to foreign currency exchange rate risk relates primarily to the financial position and the results of operations of its Brazilian subsidiary. The Company s exposure to such exchange rate risk as it relates to the Company s financial position and results of operations would be adversely impacted by devaluation of the Brazilian Real per U.S. dollar. These amounts are difficult to accurately estimate due to factors such as the inherent fluctuations of intercompany account balances, balance sheet accounts and the existing economic uncertainty and future economic conditions in the international marketplace.

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BUSINESS

General

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:

	Grain Product Line	**Swine Product Line**	**Poultry Product Line**
2004 Sales(1)(2)	$177.6 million (62% of total sales)	$46.8 million (16% of total sales)	$64.3 million (22% of total sales)
Q1 2005 Sales(2)	$42.9 million (59% of total sales)	$12.9 million (18% of total sales)	$16.9 million (23% of total sales)
Product Categories - Product Classes	Grain Storage Bins Grain Conditioning Equipment - Fans - Heaters - Dryers Grain Handling Equipment - Elevators - Conveyors - Augers	Feed Storage and Delivery Systems - Augers - Storage Tanks - Dispensers Ventilation Systems - Fans - Heaters - Cooling Systems Confinement Systems and Other - Slated Flooring - Water Devices	Feed Storage and Delivery Systems - Feed Storage Bins - Conveyance Systems - HI-LO® Pan Feeder Watering Systems Ventilation Systems - Fans - Evaporative Cooling Systems - Heating Systems - Automated Controls Nesting Systems

		- 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.

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 the 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

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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. 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.

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.

Our 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 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

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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 EBITDA 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 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

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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 its 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 our 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® 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.

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.

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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.

Products

We manufacture (i) grain storage bins and related conditioning and handling systems, (ii) swine feed storage and delivery, ventilation and confinement systems and (iii) poultry feed storage and delivery, watering, ventilation and nesting systems. We offer a broad range of products that permits customers to purchase their grain, swine and poultry production equipment needs from one supplier. We believe that our ability to offer integrated systems provides us with a competitive advantage by enabling our customers to purchase complete, integrated production systems from a single supplier who can offer high-quality installation and service.

In 2002, 2003 and 2004, no single customer represented more than 10% of our sales and no single class of products represented more than 10% of our sales.

Grain Product Line

We manufacture the following grain production equipment and systems:

Grain Storage Bins. We manufacture and market a complete line of over 1,000 models of both flat and hopper bottomed grain storage bins with capacities of up to 730,000 bushels. We market our bins to both farm and commercial end users under our GSI® brand name. Our grain storage bins are manufactured using high-yield, high-tensile, galvanized steel and are assembled with high-strength, galvanized bolts and anchor brackets. Our grain storage bins offer efficient design enhancements, including patented walk-in doors and a roof design

that provides specialized vents for increased efficiency, extruded lips for protection against leakage, large and accessible eave and peak openings for ease of access, and reinforced supportive bends to increase rigidity. We believe that our grain storage bins are the most reliable in the industry.

Grain Conditioning Equipment. To meet the need to dry grain for storage, we manufacture and market a complete line of over 100 models of grain drying devices with capacities to dry up to 10,000 bushels per hour. We market our grain drying equipment to both farm and commercial end users under our GSI®, DMC, Zimmerman and FFI brand names. Our drying equipment, which includes fans, heaters, top dryers, stirring devices, portable dryers, stack dryers, tower dryers and process dryers, is manufactured using galvanized steel and high-grade electrical components and utilize patented control systems, which offer computerized control of all dryer functions from one panel.

Grain Handling Equipment. We manufacture and market a complete line of grain handling equipment to complement our grain storage and drying product offerings. We market our grain handling equipment, which includes bucket elevators, conveyors and augers, to both farm and commercial end users under our GSI® and Grain King® brand names. Our grain handling equipment can be easily integrated into our systems and those of our competitors and enables us to offer a fully integrated product line to grain producers.

Swine Product Line

We manufacture the following swine production equipment and systems:

Feeding Systems. We manufacture our swine feeding products under our AP brand name. We custom design a wide array of state-of-the-art feeding systems used in today s modern swine facilities. These include our Flex-Flo auger systems that are typically used to transport feed from the bulk feed storage tanks located outside of the buildings to the inside of the structure. Once inside it is moved either by additional Flex-Flo equipment or is transferred to our versatile Chain Disk System, which makes turns and changes in elevation much more easily. The feed is then delivered to the swine using a wide variety of ad lib feeders that are specifically designed to minimize feed waste by allowing a consistent setting to a predetermined level, providing the swine with reliable access to feed and the producer with convenient and consistent control. We also manufacture and sell individual feed dispensers, which producers use at times to feed each animal an exact amount of feed daily. All of these systems are highly automated and are designed to address the continually changing, multifaceted production practices in the pork industry, such as wean to finish technology (where pigs are started on a feeder at a very young age, using special designs that allow them to feed without being injured) or sorting technology (where pigs are sorted by weight daily and fed in accordance with selective parameters).

Ventilation Systems. We manufacture ventilation systems for swine buildings under our AP and Airstream® brand names. These systems consist of fans, heating and evaporative cooling systems, winches, inlets and other accessories (including computer based automated control devices) that regulate temperature and air flow. Proper ventilation systems perform a critical role in minimizing the grower s feed-to-meat conversion ratio because they reduce stress caused by extreme temperature fluctuation, allowing for higher-density productions and facilitate optimum swine health through disease prevention. Our swine ventilation systems produce high levels of air output at low levels of power consumption, adapt to a wide array of specialty fans and other accessories, operate with little maintenance or cleaning and provide precision monitoring of environmental control. We further specialize in designs that work with the new emerging production practices as they are being developed by producers so that the designs are market-ready when these production practices gain more widespread market acceptance.

Other Production Equipment. We manufacture and market a wide array of equipment used in the balance of the swine production process, including plastic slated flooring, highly efficient watering devices, a wide variety of PVC extrusions used for construction applications in the facilities, rubber floor mats for pig comfort, creep heating systems for baby pigs, several styles of steel confinement equipment, and feed, water,

and environmental monitoring equipment.

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Poultry Product Line

We manufacture the following poultry production equipment and systems:

Feeding Systems. We manufacture our poultry feeding systems under our Cumberland® brand name. We manufacture feeding systems that are custom tailored to both the general industry needs of different types of poultry producers and to the specialized needs of individual poultry producers. Our poultry feeding systems consist of a feed storage bin located outside the poultry house, a feed delivery system that delivers the feed from the feed storage bin into the house and an internal feed distribution system that delivers feed to the birds. Our poultry feed storage bins contain a number of patented features designed to maximize capacity, manage the quality of stored feed, prevent rain and condensation from entering feed storage bins and provide first-in, first-out material flow, thereby keeping feed fresh to help prevent spoilage, and blended to provide uniform quality rations. Our poultry feed delivery systems use non-corrosive plastic and galvanized steel parts specially engineered for durability and reliable operations and specialized tubing and augering or chain components that allow feed to be conveyed up, down and around corners. We believe that our patented HI-LO® pan feeder is superior to competitors products due to its unique ability to adjust from floor feeding for young chicks to regulated feed levels for older birds, thereby lowering the feed-to-meat ratio.

Watering Systems. We manufacture nipple watering systems for poultry producers under our Cumberland® brand name. The ability of a bird to obtain water easily and rapidly is an essential factor in facilitating weight gain. Our poultry watering system consists of pipes that distribute water throughout the house to drinking units supported by winches, cables and other components, which units contain a regulator designed to provide different levels of water pressure according to demand. Our poultry watering systems are distinguished by their toggle action nipples, which transmit water from nipple to beak without causing undue stress on the bird or excess water to be splashed onto the floor. Our watering nipples are also designed to allow large water droplets to form on the cavity of the nipple, thereby attracting young birds to drink, which ultimately promotes weight gain.

Ventilation Systems. We manufacture ventilation systems for poultry producers under our Cumberland® and Airstream® brand names. Equipment utilized in such systems include fiberglass and galvanized fans, the Komfort Kooler evaporative cooling systems, manual and automated curtains, heating systems and automated controls for complete ventilation, cooling and heating management. We believe our poultry ventilation products are reliable and easy to assemble in the field, permit energy-efficient airflow management and are well-suited for international sales because they ship compactly and inexpensively and assemble with little hardware and few tools. Accurate bird weighing systems integrate with the environmental controls to give growers and integrators running averages of their flock weights.

Nesting Systems. We manufacture nesting systems for poultry producers under our Cumberland® brand name. These systems consist of mechanical nests and egg collection tables. Our nesting systems are manufactured using high-yield, high-tensile galvanized steel and are designed to promote comfort for nesting birds and efficiency for production personnel. We believe that our nesting systems are among the most reliable and cost-effective in the poultry industry.

Product Distribution

We distribute our products primarily through a network of U.S. and international independent dealers who offer targeted geographic coverage in key grain, swine and poultry producing markets throughout the world. Our dealers sell products to grain, swine and poultry producers, agricultural companies and various other farm and commercial end users. We believe that our distribution network is one of the strongest in the industry, providing our customers with high levels of service. Since our inception, we have experienced a very low turnover rate among our dealers. We believe this has resulted in a reputation of consistency in our products and stability with our customers. We further believe that the

high level of commitment our dealers have to us is evidenced by the fact that many of our dealers choose not to sell products of our competitors.

We also maintain a sales force to provide oversight services for our distribution network, interact with integrators and end users, recruit additional dealers for our products, and educate our dealers on the uses and

functions of those products. We further support and market our products with a technical service and support team, which provides training and advice to dealers and end users regarding installation, operation and service of products and, when necessary, on-site service.

For information regarding our sales by geographic region, see note 13 to the consolidated financial statements included herein.

Competition

The industry in which we operate is characterized both domestically and internationally by a few large companies with broad product offerings, such as us, 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.

New Product Development

We have a product development and design engineering staff, most of whom are located in Assumption, Illinois. Our expenditures for product research and development were approximately $3.6 million, $2.5 million and $2.7 million for the years ended December 31, 2004, 2003 and 2002, respectively. We charge research and development costs to operations as incurred.

Raw Materials

The primary raw materials we use to manufacture our products are steel and polymer materials, including PVC pipe, polypropylene and polyethylene. We also purchase various component parts, such as motors, that are integrated into our products. We are not dependent on any one of our suppliers, and in the past we have not experienced difficulty in obtaining materials or components. In addition, the materials and components we purchase are readily available from alternative suppliers. We have no long-term supply contracts for materials or components used in our manufacturing processes, except for steel and motors.

Regulatory and Environmental Matters

We are subject to a broad range of federal, state, local and foreign laws and requirements, including those governing discharges to the air and water, the handling and disposal of solid and hazardous substances and wastes, the remediation of contamination associated with releases of hazardous substances at our facilities and offsite disposal locations, workplace safety and equal employment opportunities. Our expenditures to comply with such laws and requirements historically have not been material.

Backlog

Backlog is not a significant factor in our business because most of our products are delivered within a few weeks of their order. Our backlog at April 1, 2005 was $37 million compared to $52 million at March 31, 2004. We believe that our first quarter 2005-ending backlog will be filled by the end of June.

Patents and Trademarks

We protect our technological and proprietary developments through a combination of trade secrets, patents and trademarks. We currently have several active U.S. and foreign patents, trademarks and various licenses for other intellectual property. While we believe our patents, trademarks and licensed information have significant value, we do not believe that our competitive position or our operations are dependent on any individual patent or trademark or group of related patents or trademarks.

Employees

As of April 1, 2005, we had 1,216 employees of whom 1,015 were permanent and 201 were seasonal. Our employees are not represented by a union. We believe that our relationships with our employees are good.

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PROPERTIES

The principal properties of The GSI Group as of April 1, 2005, were as follows:

Location	Description of Property
Assumption, Illinois	Manufacturing/Sales
Paris, Illinois	Manufacturing/Assembly
Newton, Illinois	Manufacturing/Assembly
Vandalia, Illinois	Manufacturing/Assembly
Flora, Illinois	Manufacturing/Assembly
Clear Lake, Iowa	Sales/Warehouse
Sioux City, Iowa	Sales/Warehouse
Marau, Brazil	Manufacturing/Sales
Penang, Malaysia	Manufacturing/Sales/Warehouse
Queretero, Mexico	Sales/Warehouse
Honeydew, South Africa	Sales/Warehouse
Ludford, Great Britain	Sales
Poznan, Poland	Sales
Shanghai, China	Sales/Warehouse

The corporate headquarters for the Company is located in Assumption, Illinois.

The Company s owned facilities are subject to mortgages. The Company s leased facilities are leased through operating lease agreements with varying expiration dates. For information on operating leases, see Note 12 to the Consolidated Financial Statements included herein.

The Company believes that its facilities are suitable for their present and intended purposes and have adequate capacity for the Company s current levels of operation.

LEGAL PROCEEDINGS

The Company is involved in various legal matters arising in the ordinary course of business which, in the opinion of management, will not have a material adverse affect on the Company s financial position or results of operations.

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MANAGEMENT

The following table sets forth certain information concerning our executive officers and directors:

Name	Age	Office
William Branch	60	Chairman and Interim Chief Executive Officer
Randall Paulfus	59	Interim Chief Financial Officer
Michael Brotherton	43	Chief Operating Officer
Ann Montgomery	39	Vice President of Finance
Allen Deutsch	54	President of AP Division
David Vettel	46	President of GSI International Division
Charles Jordan	48	President of Cumberland Division

William Branch became our Chairman and Interim Chief Executive Officer promptly following the closing of the Acquisition. Mr. Branch is the former Chairman and Chief Executive Officer of Masland Industries, a global designer and manufacturer of interior trim and acoustic components for the automotive industry, and served in that capacity from 1986 to 1996. In 1990, Mr. Branch teamed with Bain Capital and Kelso & Company to purchase Masland Industries in a leveraged buyout, eventually taking the company public in a 1993 initial public offering and then selling it to Lear Corp. in 1996. From 1997 to 1999, Mr. Branch was Chief Executive Officer of Precision Fabrics Group, Inc., a privately held specialty textile company, where he led a restructuring of the business that included a lean manufacturing initiative. Since 1999, Mr. Branch has consulted in a variety of industries, including textiles, automotive components and building materials, while also serving as the director of Precision Fabrics Group and Stowe Corp., a multinational construction materials company. Mr. Branch received his B.A from the University of Maryland and is a veteran of the U.S. Air Force.

Randall Paulfus joined the Company in May 2005 and became our Interim Chief Financial Officer in July 2005. Concurrently, Mr. Paulfus will remain a partner of Tatum CFO Partners, LLP, which he joined in 1998. From November 2003 to June 2005, Mr. Paulfus served as Chief Financial Officer for Enerl, Inc., a battery research and development company. Prior to joining Enerl, Inc., Mr. Paulfus served as Chief Restructuring Officer for Nitram, Inc., a fertilizer manufacturer. Previously, Mr. Paulfus had held Chief Financial Officer positions with Aviation Systems, Inc., an airplane parts provider, and Mosler Inc., a security systems company.

Michael Brotherton joined the Company in October 2002. Mr. Brotherton has been our Chief Operating Officer since July 2004. From October 2002 to July 2004, he served as our Senior Vice-President of Operations. From June 1988 to September 2002, he held various management positions culminating with Chief Operating Officer with Zexel Valeo Compressor U.S.A., Inc., a manufacturer of compressors for the automotive industry.

Ann Montgomery joined the Company in January 2001. Ms. Montgomery has been our Vice President of Finance since April 2004. From January 2001 to April 2004, she served as our Corporate Controller. From June 1998 to January 2001, she held various management and finance positions with American General Life Insurance Company.

Allen Deutsch joined the Company in January 1993. Mr. Deutsch has been President of our AP Division since October 2003. From September 2001 to October 2003, he served as President of our AP/Cumberland Division. From June 1996 to September 2001, he served as President of our AP Division. From April 1995 to June 1996, he served as Vice President of our AP Division. From January 1993 to April 1995, he served as National Sales Manager of our AP Division. From August 1983 to January 1993, he served as Sales Manager of AAA Associates, Incorporated,

a manufacturer and marketer of livestock ventilation systems, which business was acquired by the Company in January 1993.

David Vettel joined the Company in November 1993. Mr. Vettel has been President of our GSI International Division since December 1995. From November 1993 to December 1995, he served as Vice

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President of our GSI International Division. From November 1991 to November 1993, he served as International Sales Manager of Chief Industries, Inc., a manufacturer of steel buildings and grain storage bins.

Charles Jordan joined the Company in May 1975. Mr. Jordan has been President of our Cumberland Poultry Division since October 2003. From February 2002 to October 2003, he served as our Director of Distribution. From February 1999 to February 2002, he left the Company to pursue other opportunities. From March 1989 to February 1999, he held various management positions within our Cumberland Division including President. From May 1975 to March 1989, he held various management positions within our grain and swine divisions.

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EXECUTIVE COMPENSATION

The following table sets forth in summary form all compensation for all services rendered in all capacities to the Company for the year ended December 31, 2004 of the Company s Chairman of the Board and the other five most highly compensated executive officers of the Company.

SUMMARY COMPENSATION TABLE

Name & Principal Position		Annual Compensation		
	Year	Salary	Bonus	All Other Compensation(1)
Russell C. Mello	2004	$ 193,281	$	$
Chief Executive Officer	2003	$ 113,102	$ 30,000	$
	2002	$ 118,956	$	$
Gene Wiseman	2004	$ 90,800	$ 115,144	$ 21,583
Regional President of GSI Division	2003	$ 110,573	$ 27,023	$
	2002	$ 112,208	$ 28,083	
Charlie Jordan	2004	$ 78,440	$ 135,695	$
President of Cumberland Division	2003	$ 66,910	$	$
	2002	$ 48,447	$	$
Mitch Golleher	2004	$ 98,180	$ 115,144	$
President of GSI Division	2003	$ 101,189	$ 27,023	$
	2002	$ 100,923	$ 28,083	$
Burl Shuler	2004	$ 92,620	$ 115,144	$
Regional President of GSI Division	2003	$ 84,110	$ 27,023	$
	2002	$ 81,620	$ 28,083	$
Craig Sloan	2004	$ 203,758	$	$ 7,056
Chief Executive Officer(2)	2003	$ 407,515	$	$ 13,235
	2002	$ 407,515	$	$ 11,288

(1) Consists of group insurance and other miscellaneous benefits.
(2) Retired in July 2004.

Compensation Committee Interlocks and Insider Participation

The Company did not have a Compensation Committee during 2004. All members of the Company s Board of Directors participated in deliberations regarding executive officer compensation during 2004. During 2004, no member of the Company s Board of Directors served as a director or a member of the compensation committee of any other company of which any executive officer served as a member of the Company s Board of Directors during 2004.

Director Compensation

There is $50,000 annual compensation for being a member of the Board of Directors.

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PRINCIPAL STOCKHOLDERS

The following table sets forth certain information giving effect to the Acquisition with respect to shares of our voting common stock and non-voting common stock.

Name and Address of Beneficial Owner	Voting Common Stock		Non-Voting Common Stock	
	Number of Shares	Percentage of Voting	Number of Shares	Percentage of Non-Voting
GSI Holdings Corp.(1)(2)	626,948	100.00%	200,000	100.00%

(1) GSI Holdings is owned by Charlesbank Equity Fund V, Limited Partnership, and by related coinvestment funds. A small portion of GSI Holdings is also owned by unrelated investment funds.

(2) 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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Management Equity Investments

It is expected that certain members of our senior management team will purchase approximately 5% (but not more than 10%) of GSI Holdings common stock at the same price per share paid to our selling stockholders by GSI Holdings in the Acquisition. We expect that in connection with the purchases, each of the management purchasers will enter into agreements with us and GSI Holdings with respect to, among other things, transfer restrictions and certain sale/purchase rights. We also expect to offer to each management purchaser options to purchase additional shares of GSI Holdings common stock.

Corporate Development and Administrative Services Agreement

In connection with the closing of the Acquisition, we and GSI Holdings entered into a 10-year Corporate Development and Administrative Services Agreement with Charlesbank, pursuant to which Charlesbank will assist us with certain corporate development activities and will provide us with certain administrative services. Pursuant to that agreement, Charlesbank will be entitled to receive a $600,000 per year monitoring fee, payable quarterly, in addition to a 1% transaction fee on future acquisitions, dispositions and financings, together with reimbursement of reasonable out-of-pocket expenses in connection with the provision of such services to us and indemnification of Charlesbank and its affiliates, officers and directors against claims or liabilities relating to that agreement. Payment of monitoring and transaction fees will be subordinated to payments on our refinanced credit facility and these notes.

Other Related Party Transactions

We conduct transactions in the ordinary course of business with companies owned by the Segatt family, one of whom is a current employee of our subsidiary in Brazil. Such transactions generally consist of purchases of materials, freight payments and commissions that amounted to $925,768, $564,362 and $538,388 for 2004, 2003 and 2002, respectively, and sales of poultry equipment that amounted to $296,681, $99,815 and $63,225 for 2004, 2003 and 2002, respectively.

We conduct transactions in the ordinary course of business with Reliance, a supplier of poultry equipment, which is owned by one of our employees. Such transactions generally consist of purchases of materials for poultry equipment that amounted to $958,040, $238,095 and $243,946 from 2004, 2003 and 2002, respectively, and sales of poultry equipment that amounted to $150,127, $239,005 and $37,877 from 2004, 2003 and 2002, respectively.

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We make sales in the ordinary course of business to Mayland Enterprises, a distributor of grain equipment, which is owned by one of our employees. Such transactions generally consist of sales of grain equipment and amounted to $41,178, $89,348 and $26,056 for 2004, 2003 and 2002, respectively.

We believe that the above described transactions were, and future transactions with the Segatt family, Reliance and Mayland Enterprises will be, on terms no less favorable to us than could have been obtained from an independent third party in arm s length transactions.

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PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that a holder, other than a person that is an affiliate of ours within the meaning of Rule 405 under the Securities Act or a broker-dealer registered under the Exchange Act that purchases notes from us to resell pursuant to Rule 144A under the Securities Act or any other exemption, that exchanges original notes for exchange notes in the ordinary course of business and that is not participating, does not intend to participate, and has no arrangement or understanding with any person to participate, in the distribution of the exchange notes will be allowed to resell the exchange notes to the public without further registration under the Securities Act and without delivering to the purchasers of the exchange notes a prospectus that satisfies the requirements of Section 10 of the Securities Act.

Each broker-dealer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. 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. 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 as a result of market-making activities or other trading activities. We have agreed that, for a period of one year after the completion of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until •, 2005, all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

If you wish to exchange your original notes for exchange notes in the exchange offer, you will be required to make representations to us as described in Exchange Offer Resale of Exchange Notes and Exchange Offer Procedures for Tendering Original Notes. As indicated in the letter of transmittal, you will be deemed to have made these representations by tendering your original notes for exchange notes in the exchange offer. In addition, if you are a broker-dealer who receives exchange notes for your own account in exchange for original notes that were acquired by you as a result of market-making activities or other trading activities, you will be required to acknowledge, in the same manner, that you will deliver a prospectus in connection with any resale by you of such exchange notes.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices.

Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver 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

For a period of one year after the completion of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer other than commissions or concessions of any brokers or dealers and will indemnify the holders of the original notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

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THE EXCHANGE OFFER

General

We are offering to exchange up to $110,000,000 in aggregate principal amount of exchange notes for the same aggregate principal amount of original notes, properly tendered before the expiration date and not withdrawn. We are making the exchange offer for any and all of the original notes. Your participation in the exchange offer is voluntary, and you should carefully consider whether to accept this offer.

On the date of this prospectus, $110,000,000 in aggregate principal amount of the original notes due 2013 are outstanding. Our obligations to accept original notes for exchange notes pursuant to the exchange offer are limited by the conditions listed below under Conditions to the Exchange Offer. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary.

Purpose of the Exchange Offer

We issued and sold $110,000,000 in aggregate principal amount of the original notes on May 16, 2005 in a transaction exempt from the registration requirements of the Securities Act. The initial purchaser of the notes subsequently resold the original notes to qualified institutional buyers in reliance on Rule 144A and under Regulation S under the Securities Act. Because the sale of the original notes was exempt from registration under the Securities Act, a holder may reoffer, resell or otherwise transfer the original notes only if the original notes are registered under the Securities Act or if an applicable exemption from the registration and prospectus delivery requirements of the Securities Act and applicable state securities law is available.

In connection with the issuance and sale of the original notes, we entered into the registration rights agreement, pursuant to which we agreed, among other things, to (i) file a registration statement with the SEC by August 12, 2005, which is within 90 days after the issue date of the original notes, pertaining to an exchange offer to enable holders to exchange the original notes for publicly registered exchange notes with substantially identical terms, (ii) use all commercially reasonable efforts to cause the registration statement to become effective by November 11, 2005, which is within 180 days after the issue date of the original notes and (iii) keep the registration statement effective for at least 20 business days (or longer, if required by applicable law) after the date notice of the exchange offer is mailed to holders of original notes.

If there is a change in SEC policy that in the reasonable opinion of our counsel raises a substantial question as to whether the exchange offer is permitted by applicable federal law, we will seek a favorable decision from the staff of the SEC allowing us to consummate the exchange offer. In addition, there are circumstances under which we are required to file a shelf registration statement with respect to resales of the original notes. We have filed a copy of the registration rights agreement as an exhibit to the registration statement on Form S-4 with respect to the exchange notes offered by this prospectus.

We are making the exchange offer to satisfy our obligations under the registration rights agreement. Holders of original notes that do not tender their original notes or whose original notes are tendered but not accepted will have to rely on exemptions to registration requirements under the securities laws, including the Securities Act, if they wish to sell their original notes.

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.

Resale of Exchange Notes

We have not requested, and do not intend to request, an interpretation by the staff of the SEC as to whether the exchange notes issued pursuant to the exchange offer in exchange for the original notes may be offered for

sale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. Instead, based on an interpretation by the staff in a series of no-action letters issued to third parties, we believe that exchange notes issued pursuant to the exchange offer in exchange for original notes may be offered for sale, resold and otherwise transferred by any holder of exchange notes if:

- the holder is not our affiliate within the meaning of Rule 405 under the Securities Act;

- the holder is not a broker-dealer who purchases such exchange notes directly from us to resell pursuant to Rule 144A or any other available exception under the Securities Act;

- the exchange notes are acquired in the ordinary course of the holder s business; and

- the holder does not intend to participate in a distribution of the exchange notes.

Any holder who exchanges original notes in the exchange offer with the intention of participating in any manner in a distribution of the exchange notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Because the staff of the SEC has not considered our exchange offer in the context of a no-action letter, we cannot assure you that the staff would make a similar determination with respect to the exchange offer. Any holder that is an affiliate of ours or that tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes will be deemed to have received restricted securities and will not be allowed to rely on this interpretation by the staff and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

If you participate in the exchange offer, you must acknowledge, among other things, that you are not participating in, and do not intend to participate in, a distribution of exchange notes. If you are a broker-dealer that receives exchange notes for your own account in exchange for original notes, and you acquired your original notes as a result of your market-making activities or other trading activities, you must acknowledge that you will deliver a prospectus in connection with any resale of the exchange notes. Please refer to the section in this prospectus entitled Plan of Distribution.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any original notes properly tendered and not withdrawn before expiration of the exchange offer. The date of acceptance for exchange of the original notes and completion of the exchange offer, is the exchange date, which will be the first business day following the expiration date unless we extend the date as described in this prospectus. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of the corresponding series of the original notes surrendered under the exchange offer. The original notes may be tendered only in integral multiples of $1,000. The exchange notes will be delivered on the earliest practicable date following the exchange date.

The form and terms of the exchange notes will be substantially identical to the form and terms of the corresponding series of the original notes, except the exchange notes:

- will be registered under the Securities Act; and
- will not bear legends restricting their transfer.

The exchange notes will evidence the same debt as the original notes. The exchange notes will be issued under and entitled to the benefits of the indenture that authorized the issuance of the original notes.

The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered for exchange.

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As of the date of this prospectus, $110,000,000 in aggregate principal amount of the original notes are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of original notes. There will be no fixed record date for determining registered holders of original notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC. Original notes that are not exchanged in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits their holders have under the indenture relating to the original notes and the exchange notes. Holders of original notes do not have any appraisal or dissenters rights under the indenture or otherwise in connection with the exchange offer.

We will be deemed to have accepted for exchange properly tendered original notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the holders of original notes who surrender them in the exchange offer for the purposes of receiving the exchange notes from us and delivering the exchange notes to their holders. The exchange agent will make the exchange as promptly as practicable on or after the date of acceptance for exchange of the original notes. We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under Conditions to the Exchange Offer.

Holders who tender original notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of original notes. We will pay all charges and expenses, other than applicable taxes described below, in connection with the exchange offer. It is important that you read Solicitation of Tenders; Fees and Expenses and Transfer Taxes below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extension; Termination; Amendment

The exchange offer will expire at 5:00 p.m., New York City time, on •, 2005, unless we have extended the period of time that the exchange offer is open. The expiration date will be at least 20 business days after the beginning of the exchange offer as required by Rule 14e-1(a) under the Exchange Act.

We reserve the right to extend the period of time that the exchange offer is open, and delay acceptance for exchange of any original notes, by giving oral or written notice to the exchange agent and by timely public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. During any extension, all original notes previously tendered will remain subject to the exchange offer unless properly withdrawn.

We also reserve the right to:

end or amend the exchange offer and not to accept for exchange any original notes not previously accepted for exchange upon the occurrence of any of the events specified below under Conditions to the Exchange Offer that have not been waived by us; and

amend the terms of the exchange offer in any manner that, in our good faith judgment, is advantageous to you, whether before or after any tender of the original notes.

If any termination or amendment occurs, we will notify the exchange agent and will either issue a press release or give oral or written notice to you as promptly as practicable.

Procedures for Tendering Original Notes

We have forwarded to you, along with this prospectus, a letter of transmittal relating to the exchange offer. Because all of the original notes are held in book-entry accounts maintained by the exchange agent at The

Depository Trust Company, Euroclear or Clearstream, a holder need not submit a letter of transmittal if the holder tenders original notes in accordance with the procedures mandated by The Depository Trust Company s Automated Tender Offer Program (ATOP) or by Euroclear or Clearstream, as the case may be. To tender original notes without submitting a letter of transmittal, the electronic instructions sent to The Depository Trust Company, Euroclear or Clearstream and transmitted to the exchange agent must contain your acknowledgment of receipt of and your agreement to be bound by and to make all of the representations contained in the letter of transmittal. In all other cases, a letter of transmittal must be manually executed and delivered as described in this prospectus.

Only a holder of record of original notes may tender original notes in the exchange offer. To tender in the exchange offer, a holder must comply with the procedures of The Depository Trust Company, Euroclear or Clearstream, as applicable, and either complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires and deliver the letter of transmittal or facsimile to the exchange agent prior to the expiration date; or in lieu of delivering a letter of transmittal, instruct The Depository Trust Company, Euroclear or Clearstream, as the case may be, to transmit on behalf of the holder a computer-generated message to the exchange agent in which the holder of the original notes acknowledges and agrees to be bound by the terms of the letter of transmittal, which computer-generated message shall be received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date.

In addition, either:

- with respect to the original notes, the exchange agent must receive, before expiration of the exchange offer, timely confirmation of book-entry transfer of the original notes into the exchange agent s account at The Depository Trust Company, according to the procedure for book-entry transfer described below;

- with respect to the original notes, the exchange agent must receive, before the expiration date, timely confirmation from Euroclear or Clearstream that the securities account to which the original notes are credited has been blocked from and including the day on which the confirmation is delivered to the exchange agent and that no transfers will be effected in relation to such original notes at any time after such date; or

- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under Exchange Agent before expiration of the exchange offer. To receive confirmation of valid tender of original notes, a holder should contact the exchange agent at the telephone number listed under Exchange Agent.

The tender by a holder that is not withdrawn before expiration of the exchange offer will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. Only a registered holder of original notes may tender the original notes in the exchange offer. If a holder completing a letter of transmittal tenders less than all of the original notes held by this holder, this tendering holder should fill in the applicable box of the letter transmittal. The amount of original notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

If original notes, the letter of transmittal or any other required documents are physically delivered to the exchange agent, the method of delivery is at the holder s election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before expiration of the exchange offer. Holders should not send the letter of transmittal or original notes to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or

other nominees to effect the above transactions for them.

Any beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and

instruct it to tender on the owner s behalf. If the beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its original notes, either:

- make appropriate arrangements to register ownership of the original notes in the owner s name; or
- obtain a properly completed bond power from the registered holder of original notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

If the applicable letter of transmittal is signed by the record holder(s) of the original notes tendered, the signature must correspond with the name(s) written on the face of the original note without alteration, enlargement or any change whatsoever. If the applicable letter of transmittal is signed by a participant in The Depository Trust Company, or Euroclear or Clearstream, as applicable, the signature must correspond with the name as it appears on the security position listing as the holder of the original notes.

A signature on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible guarantor institution. Eligible guarantor institutions include banks, brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, government securities brokers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations. The signature need not be guaranteed by an eligible guarantor institution if the original notes are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any original notes, the original notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the original notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any original notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless we waive this requirement, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered original notes. Our determination will be final and binding. We reserve the absolute right to reject any original notes not properly tendered or any original notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular original notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of original notes, neither we, the exchange agent nor any other person will incur any liability for failure to give notification. Tenders of original notes will not be deemed made until those defects or irregularities have been cured or waived. Any original notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

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In all cases, we will issue exchange notes for original notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- original notes or a timely book-entry confirmation that original notes have been transferred into the exchange agent s account at The Depository Trust Company; and

- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

Holders should receive copies of the letter of transmittal with the prospectus. A holder may obtain additional copies of the letter of transmittal for the original notes from the exchange agent at its offices listed under Exchange Agent. By signing the letter of transmittal, or causing The Depository Trust Company, Euroclear or Clearstream, as applicable, to transmit an agent s message to the exchange agent, each tendering holder of original notes will represent to us that, among other things:

- any exchange notes that the holder receives will be acquired in the ordinary course of its business;

- the holder has no arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;

- if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the exchange notes;

- if the holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, that it will deliver a prospectus, as required by law, in connection with any resale of those exchange notes (see Plan of Distribution); and

- the holder is not an affiliate, as defined in Rule 405 of the Securities Act, of us or, if the holder is an affiliate, it will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

The Depository Trust Company Book-Entry Transfer

The exchange agent has established an account with respect to the original notes at The Depository Trust Company for purposes of the exchange offer.

With respect to the original notes, the exchange agent and The Depository Trust Company have confirmed that any financial institution that is a participant in The Depository Trust Company may utilize The Depository Trust Company ATOP procedures to tender original notes.

With respect to the original notes, any participant in The Depository Trust Company may make book-entry delivery of original notes by causing The Depository Trust Company to transfer the original notes into the exchange agent s account in accordance with The Depository Trust Company s ATOP procedures for transfer.

However, the exchange for the original notes so tendered will be made only after a book-entry confirmation of such book-entry transfer of original notes into the exchange agent s account, and timely receipt by the exchange agent of an agent s message and any other documents required by the letter of transmittal. The term agent s message means a message, transmitted by The Depository Trust Company and received by the exchange agent and forming part of a book-entry confirmation, which states that The Depository Trust Company has received an express acknowledgment from a participant tendering original notes that are the subject of the book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce that agreement against the participant.

Euroclear and Clearstream Procedures for Blocking Instructions

The registered holder of the original notes on the records of Euroclear or Clearstream must instruct Euroclear or Clearstream to block the securities in the account in Euroclear or Clearstream to which such original notes are credited. In order for the exchange offer to be accepted, the exchange agent must have received, prior to

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the expiration date, a confirmation from Euroclear or Clearstream that the securities account of original notes tendered has been blocked from and including the day on which the confirmation is delivered to the exchange agent and that no transfers will be effected in relation to the original notes at any time after such date. Original notes should be blocked in accordance with the procedures of Euroclear or Clearstream, as the case may be. The exchange of the original notes so tendered will be made only after a timely receipt by the exchange agent of an agent s message and any other documents required by the letter of transmittal. The term agent s message means a message, transmitted by Euroclear or Clearstream and received by the exchange agent that states that Euroclear or Clearstream has received an express acknowledgment from a participant tendering original notes that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce that agreement against the participant.

Guaranteed Delivery Procedures

Holders wishing to tender their original notes but whose original notes are not immediately available or who cannot deliver their original notes, the letter of transmittal or any other required documents to the exchange agent or cannot comply with the applicable procedures described above before expiration of the exchange offer may tender if:

- the tender is made through an eligible guarantor institution;
- before expiration of the exchange offer, the exchange agent receives from the eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, or a properly transmitted agent s message and notice of guaranteed delivery (i) setting forth the name and address of the holder and the registered number(s) and the principal amount of original notes tendered, (ii) stating that the tender is being made by guaranteed delivery and (iii) guaranteeing that, within three New York Stock Exchange trading days after expiration of the exchange offer, the letter of transmittal, or facsimile thereof, together with the original notes or a book-entry transfer confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent; and
- the exchange agent receives the properly completed and executed letter of transmittal, or facsimile thereof, as well as all tendered original notes in proper form for transfer or a book-entry transfer confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after expiration of the exchange offer.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their original notes according to the guaranteed delivery procedures set forth above.

Withdrawal Rights

You may withdraw your tender of original notes at any time before 5:00 p.m., New York City time, on the expiration date. For a withdrawal to be effective, the exchange agent must receive a computer generated notice of withdrawal, transmitted by The Depository Trust Company, Euroclear or Clearstream on behalf of the holder in accordance with the standard operating procedure of The Depository Trust Company, or Euroclear or Clearstream, or a written notice of withdrawal, sent by facsimile transmission, receipt confirmed by telephone, or letter, before the expiration date. Any notice of withdrawal must:

- specify the name of the person that tendered the original notes to be withdrawn;

identify the original notes to be withdrawn, including the certificate number or numbers and principal amount of such original notes;

specify the principal amount of original notes to be withdrawn;

include a statement that the holder is withdrawing its election to have the original notes exchanged;

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be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered or as otherwise described above, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee under

the indenture register the transfer of the original notes into the name of the person withdrawing the tender; and

specify the name in which any of the original notes are to be registered, if different from that of the person that tendered the original notes.

The exchange agent will return the properly withdrawn original notes promptly following receipt of notice of withdrawal. If original notes have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at The Depository Trust Company, Euroclear or Clearstream, as applicable, to be credited with the withdrawn original notes or otherwise comply with The Depository Trust Company s procedures.

Any original notes that are validly withdrawn will not have been validly tendered for exchange for purposes of the exchange offer. Any original notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder without cost to the holder as soon as practicable after withdrawal, rejection of tender 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 pursuant to its book-entry transfer procedures, the original notes will be credited to an account with The Depository Trust Company specified by the holder, as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn original notes may be re-tendered by following one of the procedures described under Procedures for Tendering Original Notes above at any time on or before the expiration date.

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the exchange date, all original notes properly tendered and will issue the exchange notes promptly after the acceptance. Please refer to the section in this prospectus entitled Conditions to the Exchange Offer below. For purposes of the exchange offer, we will be deemed to have accepted properly tendered original notes for exchange when we give notice of acceptance to the exchange agent.

For each original note accepted for exchange, the holder of the original note will receive an exchange note having a principal amount at maturity equal to that of the surrendered original note.

In all cases, we will issue exchange notes for original notes that are accepted for exchange pursuant to the exchange offer only after the exchange agent timely receives certificates for the original notes or a book-entry confirmation of the original notes into the exchange agent s account at The Depository Trust Company, a properly completed and duly executed letter of transmittal and all other required documents.

Conditions to the Exchange Offer

We will not be required to accept for exchange, or to issue exchange notes in exchange for, any original notes and may terminate or amend the exchange offer, by notice to the exchange agent or by a timely press release, at any time before accepting any of the original notes for exchange, if, in our reasonable judgment:

- the exchange notes to be received will not be tradeable by the holder without restriction under the Securities Act, the Exchange Act and without material restrictions under the blue sky or securities laws of substantially all of the states of the United States;

- the exchange offer, or the making of any exchange by a holder of outstanding notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or

- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency or regulatory authority with respect to the exchange offer that would be expected to impair our ability to proceed with the exchange offer.

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In addition, we will not be obligated to accept for exchange the original notes of any holder that has not made to us:

- the representations described under Resale of Exchange Notes, Procedures for Tendering Original Notes and Plan of Distribution; and
- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available an appropriate form for registration of the exchange notes under the Securities Act.

We expressly reserve the right, at any time or at various times, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any original notes by giving oral or written notice of such extension to their holders. During any such extensions, all original notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange. We will return any original notes that we do not accept for exchange for any reason without expense to their tendering holders as promptly as practicable after the expiration or termination of the exchange offer.

In addition, we expressly reserve the right to amend or terminate the exchange offer and to reject for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We expressly reserve the right, at any time or at various times, to waive any of the conditions of the exchange offer, in whole or in part. We will give oral or written notice of any extension, amendment, non-acceptance, termination or waiver to the holders of the original notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit, and we may assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any or at various times in our sole discretion. If we fail at any time to exercise any of the foregoing rights, this failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any original notes tendered, and will not issue exchange notes in exchange for any such original notes, if at such time any stop order will be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification the indenture under the Trust Indenture Act of 1939.

The exchange offer is not conditioned upon any minimum principal amount of original notes being tendered for exchange.

Exchange Agent

We have appointed U.S. Bank National Association as the exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter for transmittal and requests for the notice of guaranteed delivery, as well as all executed letters of transmittal to the exchange agent at the addresses listed below:

By Hand or Overnight Delivery:

U.S. Bank National Association

Attn: Richard Prokosch

60 Livingston Avenue

St. Paul, MN 55107

By Registered or Certified Mail:

U.S. Bank National Association

Attn: Richard Prokosch

60 Livingston Avenue

St. Paul, MN 55107

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By Facsimile Transmission:

(651) 495-8097

Attn: Richard Prokosch

To Confirm by Telephone or for Information:

(651) 495-3918

DELIVERY TO AN ADDRESS OTHER THAN AS LISTED ABOVE, OR TRANSMISSIONS OF INSTRUCTIONS TO A FACSIMILE NUMBER OTHER THAN AS LISTED ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Solicitation of Tenders; Fees and Expenses

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with the exchange offer.

We will pay the estimated cash expenses to be incurred in connection with the exchange offer, including the following:

- fees and expenses of the exchange agent and trustee;
- SEC registration fees;
- accounting and legal fees; and
- printing and mailing expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of original notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing original notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of original notes tendered;
- exchange notes are to be delivered to, or issued in the name of, any person other than the registered holder of the original notes;
- tendered original notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of original notes under the exchange offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the letter of transmittal, the amount of any transfer taxes will be billed to the tendering holder.

Accounting Treatment

We will record the exchange notes at the same carrying value of the original notes of the corresponding series reflected in our accounting records on the date the exchange offer is completed. Accordingly, we will not recognize any gain or loss for accounting purposes upon the exchange of exchange notes for original notes. We will amortize the expenses incurred in connection with the issuance of the exchange notes over the term of the exchange notes.

Consequences of Failure to Exchange

If you do not exchange your original notes for exchange notes pursuant to the exchange offer, you will continue to be subject to the restrictions on transfer of the original notes as described in the legend on the notes. In general, the original notes may be offered or sold only if 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. We do not currently anticipate that we will register the original notes under the Securities Act, except as may be required in the circumstances described under Description of Exchange Notes Registration Rights; Special Interest Registration Requirements.

Your participation in the exchange offer is voluntary, and you should carefully consider whether to participate. We urge you to consult your financial and tax advisors in making a decision whether or not to tender your original notes. Please refer to the section in this prospectus entitled Material United States Federal Tax Considerations.

As a result of the making of, and upon acceptance for exchange of all validly tendered original notes pursuant to the terms of, the exchange offer, we will have fulfilled a covenant contained in the registration rights agreement. If you do not tender your original notes in the exchange offer, you will be entitled to all the rights and limitations applicable to the original notes under the indenture, except for any rights under the registration rights agreement that by their terms end or cease to have further effectiveness as a result of the making of the exchange offer. To the extent that original notes are tendered and accepted in the exchange offer, the trading market for untendered, or tendered but unaccepted, original notes could be adversely affected. Please refer to the section in this prospectus entitled Risk Factors Risks Related to the Exchange Offer If you do not properly tender your original notes for exchange notes, you will continue to hold unregistered notes which are subject to transfer restrictions.

We may in the future seek to acquire untendered original notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. However, we have no present plans to acquire any original notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered original notes.

Holders of the original notes and exchange notes which remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage thereof have taken certain actions or exercised certain rights under the indenture governing the original notes and the exchange notes.

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DESCRIPTION OF EXCHANGE NOTES

You can find the definitions of certain terms used in this description under the subheading Certain Definitions. In this description, the word GSI refers only to The GSI Group, Inc. and not to any of its subsidiaries, and the word Holdco refers only to GSI Holdings Corp. and not to any of its subsidiaries.

The terms of the exchange notes are the same in all material respects as the terms of the original notes, except that the exchange notes will be registered under the Securities Act and, therefore, the transfer restrictions applicable to the original notes will not be applicable to the exchange notes and the exchange notes will not bear any legends restricting their transfer. The exchange notes will evidence the same debt as the original notes and both the original notes and the exchange notes will be governed by the same indenture. The original notes and the exchange notes will be treated as a single class of notes should any original notes remain outstanding following the exchange offer.

The exchange notes will be issued, and the original notes were issued, under one indenture among GSI, the Guarantors and U.S. Bank National Association, as trustee. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939.

The following description is a summary of the material provisions of the indenture and the registration rights agreement. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement because they, and not this description, define your rights as holders of the notes. Copies of the indenture and the registration rights agreement are available as set forth below under Additional Information. Certain defined terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The notes:

- will be general unsecured obligations of GSI;
- will be *pari passu* in right of payment with all existing and future unsecured Senior Indebtedness of GSI;
- will be senior in right of payment to any future Subordinated Indebtedness of GSI; and

will be guaranteed by the Guarantors.

However, the notes will be effectively subordinated to all borrowings under our refinanced credit facility to the extent of the value of the pledged collateral, which will be secured by substantially all of the assets of GSI and the Subsidiary Guarantors. See Risk Factors Risks Related to the Exchange Notes Your right to receive payments on these notes is effectively subordinated to the rights of our existing and future secured creditors.

The Note Guarantees

The notes will be guaranteed by Holdco and all of GSI s Domestic Subsidiaries other than GSI s Immaterial Subsidiaries. As of the date of the indenture, all of GSI s Domestic Subsidiaries will be Immaterial Subsidiaries.

Each guarantee of the notes:

will be a general unsecured obligation of the Guarantor;

will be *pari passu* in right of payment with all existing and future unsecured senior Indebtedness of that Guarantor; and

will be senior in right of payment to any existing and future subordinated Indebtedness of that Guarantor.

Not all of our Subsidiaries will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. The non-guarantor Subsidiaries accounted for approximately 17.2% of our consolidated sales in the twelve-month period ended December 31, 2004 and held approximately 23.8% of our consolidated assets as of December 31, 2004.

As of the date of the indenture, all of our Subsidiaries will be Restricted Subsidiaries. However, under the circumstances described below under the caption Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, we will be permitted to designate certain of our Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

Principal, Maturity and Interest

GSI will issue $110.0 million in aggregate principal amount of notes in this offering. GSI may issue additional notes under the indenture from time to time after this offering. Any issuance of additional notes under the indenture is subject to all of the covenants in the indenture, including the covenant described below under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock. The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. GSI will issue notes in denominations of $1,000 and integral multiples of $1,000. The notes will mature on May 15, 2013.

Interest on the notes will accrue at the rate of 12% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2005. Interest on overdue principal and interest and Liquidated Damages, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the notes. GSI will make each interest payment to the holders of record on the immediately preceding May 1 and November 1.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of notes has given wire transfer instructions to GSI, GSI will pay all principal, interest and premium and Liquidated Damages, if any, on that holder s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless GSI elects to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. GSI may change the paying agent or registrar without prior notice to the holders of the notes, and GSI or any of its Subsidiaries may act as paying agent or registrar.

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Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. GSI will not be required to transfer or exchange any note selected for redemption. Also, GSI will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Note Guarantees

The notes will be guaranteed by Holdco and each of GSI s current and future Domestic Subsidiaries other than GSI s Immaterial Subsidiaries (the Subsidiary Guarantors and, together with Holdco, the Guarantors). These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Risks Related to the Exchange Notes The indebtedness represented by the notes and the guarantees may be unenforceable due to fraudulent conveyance statutes.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than GSI or another Guarantor (other than Holdco), unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture, its Note Guarantee and the registration rights agreement pursuant to a supplemental indenture satisfactory to the trustee; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Note Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) GSI or a Restricted Subsidiary of GSI, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;

(2) in connection with any sale or other disposition of all of the Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) GSI or a Restricted Subsidiary of GSI, if the sale or other disposition does not violate the Asset Sale provisions of the indenture; or

(3) if GSI designates that Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture.

All Note Guarantees will be released upon legal defeasance or satisfaction and discharge of the indenture as provided below under the captions Legal Defeasance and Covenant Defeasance and Satisfaction and Discharge.

See Repurchase at the Option of Holders Asset Sales.

Optional Redemption

At any time prior to May 15, 2008, GSI may redeem up to 35% of the aggregate principal amount of notes issued under the indenture at a redemption price of 112.000% of the principal amount, plus accrued and unpaid

interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more sales of common Equity Interests (other than Disqualified Stock) of GSI; *provided* that:

(1) at least 65% of the aggregate principal amount of notes originally issued under the indenture (excluding notes held by GSI and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such sale of Equity Interests.

Except pursuant to the preceding paragraph, the notes will not be redeemable at GSI s option prior to May 15, 2009.

On or after May 15, 2009, GSI may redeem all or a part of the notes upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, on the notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2009	106.000%
2010	103.000%
2011 and thereafter	100.000%

Mandatory Redemption

GSI is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase at the Option of Holders

Change of Control