

GOLDMAN SACHS ASSET MANAGEMENT LP
Form SC 13D/A
May 12, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A
Under the Securities Exchange Act of 1934

(Amendment No. 5)

GSI Group Inc.

(Name of Issuer)

Common Stock, no par value

(Title of Class of Securities)

36229U102

(CUSIP Number)

Ellen Porges, Esq.
Goldman Sachs Asset Management
200 West Street
New York, NY 10282
212-902-1000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and
Communications)

May 7, 2010

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)
(Page 1 of 7 Pages)

| CUSIP No. | 36229U102 | SCHEDULE 13D/A | Page 3 of 7 Pages |
|--------------|---|--------------------------|-------------------|
| 1 | NAME OF REPORTING PERSON | | |
| | Liberty Harbor I GP, LLC | | |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | | |
| 3 | SEC USE ONLY | | |
| 4 | SOURCE OF FUNDS | | |
| | AF | | |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/> | | |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION | | |
| | Delaware | | |
| NUMBER OF | 7 | SOLE VOTING POWER | |
| SHARES | | 0 | |
| BENEFICIALLY | 8 | SHARED VOTING POWER | |
| OWNED | | 1,534,369 | |
| BY EACH | 9 | SOLE DISPOSITIVE POWER | |
| REPORTING | | 0 | |
| PERSON | 10 | SHARED DISPOSITIVE POWER | |
| | | 1,534,369 | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | | |
| | 1,534,369 | | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/> | | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 | | |
| | 3.2% (see Item 4) | | |
| 14 | TYPE OF REPORTING PERSON | | |
| | IA | | |

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CUSIP No. 36229U102

SCHEDULE 13D/A

Page 4 of 7 Pages

| | | |
|--------------|---|--------------------------|
| 1 | NAME OF REPORTING PERSON | |
| | Liberty Harbor Master Fund I, L.P. | |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> | |
| 3 | SEC USE ONLY | |
| 4 | SOURCE OF FUNDS | |
| | WC | |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/> | |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION | |
| | Cayman Islands | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | 0 | |
| BENEFICIALLY | 8 | SHARED VOTING POWER |
| OWNED | 1,534,369 | |
| BY EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING | 0 | |
| PERSON | 10 | SHARED DISPOSITIVE POWER |
| | 1,534,369 | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | 1,534,369 | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/> | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11 | |
| | 3.2% (see Item 4) | |
| 14 | TYPE OF REPORTING PERSON | |
| | IA | |

ITEM 1. SECURITY AND ISSUER

This Amendment No. 5 (the "Amendment") amends the statement on Schedule 13D filed on July 2, 2009 (the "Original Schedule 13D", as amended hereby and by Amendment No. 1 filed on November 20, 2009, Amendment No. 2 filed on March 3, 2010, Amendment No. 3 filed on March 16, 2010 and Amendment No. 4 filed on March 19, 2010, the "Schedule 13D") with respect to the common stock, no par value (the "Common Stock"), of GSI Group Inc., a company continued and existing under the laws of the Province of New Brunswick, Canada (the "Issuer"). Capitalized terms used herein and not otherwise defined in this Amendment have the meanings set forth in the Schedule 13D. This Amendment amends Items 2, 4, 6 and 7 as set forth below and amends and restates Schedules 1-A and 1-B.

ITEM 2. IDENTITY AND BACKGROUND

The last sentence of the third paragraph of Item 2 is hereby amended and restated as follows:

The principal business address of each Reporting Person is 200 West Street, New York, New York 10282.

ITEM 4. PURPOSE OF TRANSACTION

Item 4 of the Schedule 13D is hereby amended and supplemented by the addition of the following:

On May 7, 2010 Liberty Harbor and the other Consenting Noteholders reached an agreement in principle with the Issuer Parties and the statutory committee of equity security holders appointed on December 22, 2009 in the bankruptcy cases of the Issuer Parties (the "Equity Committee") as to certain modifications to the Modified Plan (as modified, the "Fourth Modified Plan of Reorganization"). The Consenting Noteholders plan to enter into a Restructuring Plan Support Agreement, which will supersede the Plan Support Agreement, with the Issuer Parties and the Equity Committee setting forth certain agreements among them to implement the Fourth Modified Plan of Reorganization (the "Restructuring Plan Support Agreement").

Pursuant to the Fourth Modified Plan of Reorganization, the Noteholders would receive, in exchange for their Notes, their pro-rata share of (i) between \$90,000,000 and \$110,000,000 principal amount of New Senior Secured Notes, (ii) \$10,000,000 in cash (the "Cash Payment"), (iii) all cash proceeds from an \$85,000,000 rights offering (the "Rights Offering"), (iv) payment in cash of all accrued but unpaid interest due under the Notes through the date of effectiveness of the Issuer Parties' bankruptcy cases, and (v) \$5,000,000 of common stock of the reorganized Issuer, issued at a price of \$1.80 per share (the "Supplemental Equity Exchange").

The Rights Offering will consist of the Issuer Parties offering to all holders of Common Stock, on a pro-rata basis, the right to purchase common stock of the reorganized Issuer at a price of \$1.80 per share. Pursuant to the Restructuring Plan Support Agreement and related documents, the Consenting Noteholders will agree to backstop the Rights Offering in its entirety with their Notes. Therefore, to the extent the Rights Offering is not fully subscribed for by the holders of Common Stock, the Consenting Noteholders will exchange a principal amount of their Notes equal to any such shortfall into common stock of the reorganized Issuer at a price of \$1.80 per share. Notwithstanding the foregoing, in connection with their backstop commitment, the Consenting Noteholders will exchange no less than \$20,000,000 in principal amount of their Notes for common stock of the reorganized Issuer at \$1.80 per share even if their backstop

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commitment requires an exchange of less than this amount. For example, if the holders of Common Stock elect not to participate in the Rights Offering, then the Noteholders pursuant to their backstop commitment will exchange \$85,000,000 in principal amount of Notes for common stock of the reorganized Issuer at a price of \$1.80 per share. After \$85,000,000 of the \$210,000,000 aggregate principal amount of Notes outstanding is exchanged for common stock of the reorganized Issuer and the Cash Payment and Supplemental Equity Exchange are effected, this will result in the issuance of an aggregate principal amount of New Senior Secured Notes equal to \$110,000,000. However, if the Rights Offering is fully subscribed for by the holders of Common Stock, the Noteholders will receive the cash proceeds of the Rights Offering in satisfaction of \$85,000,000 principal amount of Notes and the Consenting Noteholders will exchange \$20,000,000 in principal amount of Notes for common stock of the reorganized Issuer at

CUSIP No. 36229U102

SCHEDULE 13D/A

Page 6 of 7 Pages

a price of \$1.80 per share. After \$20,000,000 of the \$210,000,000 aggregate principal amount of Notes outstanding is exchanged for common stock of the reorganized Issuer, the Cash Payment and Supplemental Equity Exchange are effected and the \$85,000,000 in rights offering proceeds is distributed pro rata to the Noteholders, this will result in the issuance of an aggregate principal amount of New Senior Secured Notes equal to \$90,000,000. The Consenting Noteholders will receive a fee of 5% of the backstop commitment amount in exchange for their commitment to backstop the Rights Offering.

The Noteholders are entitled to receive a fee equal to 2% of the aggregate principal amount of Notes currently outstanding in the event that at any time prior to consummation of the Rights Offering a restructuring transaction other than the restructuring transaction set forth in the Fourth Modified Plan of Reorganization is consummated.

Pursuant to the Fourth Modified Plan of Reorganization, the initial board of directors of the reorganized Issuer will consist of: two directors to be selected by the Required Noteholders, two directors with expertise in the Issuer's industry to be selected by the Equity Committee, one director to be selected by mutual agreement of the Required Noteholders and the Equity Committee, one director to be selected by the current Board of Directors from the current Board of Directors of the Issuer, and the Chief Executive Officer of the reorganized Issuer. The three holders of the largest principal amounts of the Notes shall have board observer rights subject to reasonable restrictions.

This description of the agreement in principle reached by the Consenting Noteholders, the Issuer Parties and the Equity Committee is a summary only and is qualified in its entirety by reference to the Term Sheet for the Plan of Reorganization of GSI Group, Inc. et al (the "Term Sheet"), a copy of which is referenced as Exhibit 13 hereto (which incorporates by reference Exhibit 99.1 of the Current Report on Form 8-K filed by the Issuer on May 11, 2010) and is incorporated herein by reference.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Item 6 of the Schedule 13D is hereby amended and supplemented by the addition of

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the following:

As described in Item 4 above, on May 7, 2010, the Consenting Noteholders reached an agreement in principle with the Issuer Parties and the Equity Committee as to the Fourth Modified Plan of Reorganization, the terms of which are set forth in the Term Sheet a copy of which is referenced as Exhibit 13 hereto (which incorporates by reference Exhibit 99.1 of the Current Report on Form 8-K filed by the Issuer on May 11, 2010) and is incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

Item 7 of the Schedule 13D is hereby amended and supplemented by the addition of the following:

13. Term Sheet for the Plan of Reorganization of GSI Group, Inc. et al, dated as of May 7, 2010 (incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed by the Issuer on May 11, 2010).

CUSIP No. 36229U102

SCHEDULE 13D/A

Page 7 of 7 Pages

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: May 11, 2010

GOLDMAN SACHS ASSET MANAGEMENT, L.P.

By: /s/ Yvette Kusic

Name: Yvette Kusic
Title: Attorney-in-fact

GS INVESTMENT STRATEGIES, LLC

By: /s/ Yvette Kusic

Name: Yvette Kusic
Title: Attorney-in-fact

LIBERTY HARBOR I GP, LLC

By: /s/ Yvette Kusic

Name: Yvette Kusic
Title: Attorney-in-fact

LIBERTY HARBOR MASTER FUND I, L.P.

By: LIBERTY HARBOR I GP, LLC, ITS GENERAL PARTNER

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By: /s/ Yvette Kosic

 Name: Yvette Kosic
 Title: Attorney-in-fact

Schedule I-A

The name, position and present principal occupation of each executive officer of GSAM are set forth below.

The business address for all the executive officers listed below is c/o Goldman Sachs Asset Management, L.P., 200 West Street, New York, New York 10282.

All executive officers listed below are United States citizens.

| Name | Position | Present Principal Occupation |
|--------------------|--|---|
| Edward C. Forst | Co-Head, Investment Management Division of The Goldman Sachs Group, Inc. (Co-Chief Executive Officer) | Managing Director of Goldman, Sachs & Co. |
| Timothy J. O'Neill | Co-Head, Investment Management Division of The Goldman Sachs Group, Inc. (Co-Chief Executive Officer) | Managing Director of Goldman, Sachs & Co. |
| Eric Lane | Co-Chief Operating Officer, Investment Management Division of The Goldman Sachs Group, Inc. | Managing Director of Goldman, Sachs & Co. |
| Steve McGuiness | Co-Chief Operating Officer, Investment Management Division of The Goldman Sachs Group, Inc. | Managing Director of Goldman, Sachs & Co. |
| Gavin O'Connor | Chief Financial Officer, Investment Management Division of The Goldman Sachs Group, Inc. (Chief Legal Officer) | Managing Director of Goldman, Sachs & Co. |
| Ellen Porges | General Counsel, Investment Management Division of The Goldman Sachs Group, Inc. (Chief Legal Officer) | Managing Director of Goldman, Sachs & Co. |
| Michael J. | Chief Compliance Officer, | Managing Director of Goldman, |

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Richman Investment Management Sachs & Co.
 Division of
 The Goldman Sachs Group,
 Inc.

Schedule I-B

The name, position and present principal occupation of each executive officer of Liberty Harbor I GP, LLC are set forth below.

The business address for all the executive officers listed below is c/o Liberty Harbor I GP, LLC, 200 West Street, New York, New York 10282.

All executive officers listed below are United States citizens.

| Name | Position | Present Principal Occupation |
|-------------------|----------------|---|
| Gregg Felton | President | Managing Director of Goldman, Sachs & Co. |
| Brendan McGovern | Vice President | Managing Director of Goldman, Sachs & Co. |
| Salvatore Lentini | Vice President | Managing Director of Goldman, Sachs & Co. |
| David Frechette | Vice President | Managing Director of Goldman, Sachs & Co. |
| Ben I. Adler | Secretary | Managing Director of Goldman, Sachs & Co. |
| Gavin O'Connor | Treasurer | Managing Director of Goldman, Sachs & Co. |