

GOLDMAN SACHS ASSET MANAGEMENT LP
Form SC 13D/A
March 16, 2010

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

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

(Amendment No. 3)

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
One New York Plaza
New York, NY 10004
212-902-1000

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

March 12, 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)
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1	NAME OF REPORTING PERSON	
	Goldman Sachs Asset Management (Goldman Sachs Asset Management, L.P., together with GS Investment Strategies, LLC, "Goldman Sachs Asset Management")	
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	
7	NUMBER OF	SOLE VOTING POWER
	SHARES	0
8	BENEFICIALLY OWNED	SHARED VOTING POWER
	BY EACH	1,534,369
9	REPORTING PERSON	SOLE DISPOSITIVE POWER
	PERSON	0
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 3 of 6 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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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	

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ITEM 1. SECURITY AND ISSUER

This Amendment No. 3 (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 and Amendment No. 2 filed on March 3, 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 Item 4 as set forth below.

ITEM 4. PURPOSE OF TRANSACTION

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

On March 12, 2010 Liberty Harbor and the other Consenting Noteholders reached an agreement in principle with the Issuer Parties as to modifications to the Plan Support Agreement and the Plan.

Pursuant to the modified Plan, the Noteholders would receive, in exchange for their Notes, new convertible preferred stock of the reorganized Issuer (the "Preferred Stock") and New Senior Secured Notes. The Preferred Stock, on an as-converted basis, would represent approximately 53.8% of the Issuer's post-consummation outstanding common shares. The Preferred Stock would have a 1x liquidation preference and be mandatorily redeemable after 8 years for cash or, if certain conditions are met, common shares of the reorganized Issuer. The holders of the Preferred Stock would vote on an as converted basis together with the holders of common shares. In addition, pursuant to the modified Plan, the aggregate principal amount of New Senior Secured Notes being issued to the Noteholders will be approximately \$110,000,000, increased from \$95,000,000.

The modifications to the Plan will also include (i) increasing the recovery of existing equity holders of the Issuer from 18.6% of the Issuer's post-consummation outstanding common shares to 41.1%, which would be issued in common shares of the reorganized Issuer and (ii) issuing one series of three-year warrants to existing equity holders of the Issuer exercisable into a number of common shares equal to 10% of 110% of the Issuer's post-consummation outstanding common shares, with a strike price of \$2.50, rather than two series of warrants each for 10% of 110% of the Issuer's post-consummation outstanding common shares, with a strike price of \$1.10 and \$2.00 respectively.

The parties anticipate entering into a modified Plan Support Agreement, under which the Noteholders would agree to support the modifications to the Plan as summarized above.

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Signature

After reasonable inquiry and to the best of my knowledge and belief, I

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certify that the information set forth in this statement is true, complete and correct.

Dated: March 16, 2010

GOLDMAN SACHS ASSET MANAGEMENT, L.P.

By: /s/ Yvette Kasic

Name: Yvette Kasic
Title: Attorney-in-fact

GS INVESTMENT STRATEGIES, LLC

By: /s/ Yvette Kasic

Name: Yvette Kasic
Title: Attorney-in-fact

LIBERTY HARBOR I GP, LLC

By: /s/ Yvette Kasic

Name: Yvette Kasic
Title: Attorney-in-fact

LIBERTY HARBOR MASTER FUND I, L.P.

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

By: /s/ Yvette Kasic

Name: Yvette Kasic
Title: Attorney-in-fact