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HEXCEL CORP /DE/
Form S-3
March 07, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 7, 2003

REGISTRATION NO. 333-_____

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

HEXCEL CORPORATION
(Exact name of Registrant as specified in its charter)

| | | |
|---|--|---|
| Delaware | 3089 | 94-1109521 |
| (State or other jurisdiction of incorporation or organization | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification No.) |

>

Two Stamford Plaza
281 Tresser Boulevard
Stamford, Connecticut 06901-3238
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Ira J. Krakower
Senior Vice President and General Counsel
Hexcel Corporation
Two Stamford Plaza
281 Tresser Boulevard
Stamford, Connecticut 06901-3238
(203) 969-0666
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:
Joseph A. Coco, Esq.
Thomas W. Greenberg, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement as
determined by market conditions.

If the only securities being registered on this Form are being
offered pursuant to dividend or interest reinvestment plans, please check the
following box:

If any of the securities being registered on this Form are to be

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offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box: [X]

If this Form is filed to register additional securities or an offering pursuant to Rule 462(b) under the Securities Act, please 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(c) 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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: |_|

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to Be Registered | Amount to Be Registered | Proposed Maximum Offering Price per Share (1) | Proposed Maxi Aggregate Offe Price (1) |
|---|----------------------------|---|--|
| 9-3/4% Senior Subordinated Notes due 2009 of Hexcel Corporation..... | \$340,000,000 | 100% | \$340,000,000 |

- (1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended.
- (2) The securities covered by the market making prospectus contained in this registration statement have been previously registered under the Securities Act of 1933 under registration statements on Form S-4 filed by Hexcel Corporation (File Nos. 333-66582 and 333-71601). In accordance with Rule 457(a), registration fees have been previously paid with respect thereto.

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 this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

INTRODUCTORY NOTE

This Registration Statement contains a form of prospectus that may be used by any broker-dealer subsidiary of Goldman, Sachs & Co. in connection with offers and sales of the previously issued securities described therein in market-making transactions.

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SUBJECT TO COMPLETION, DATED MARCH 7, 2003

Hexcel Corporation

\$340,000,000

9 3/4% Senior Subordinated Notes Due 2009

Investing in the notes involves risks. See "Risk Factors" on page 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

We will pay interest on the notes on January 15 and July 15 of each year. The notes will mature on January 15, 2009. At our option, we may redeem the notes on or after January 15, 2004 at the redemption prices set forth in this prospectus. There is no sinking fund for the notes.

Private equity funds affiliated with Goldman, Sachs & Co. own approximately 38% of our voting stock and these funds have the right to appoint up to three members of our ten member board of directors.

This prospectus has been prepared for and will be used by Goldman, Sachs & Co. and its broker-dealer subsidiaries in connection with offers and sales of the notes in market-making transactions from time to time. These transactions may occur in the open market or may be privately negotiated, at prices related to prevailing market prices at the time of sale or at negotiated prices. Goldman, Sachs & Co. may act as principal or agent in these transactions. Hexcel will not receive any of the proceeds of such sales of the notes but will bear the expenses of this registration.

Goldman, Sachs & Co.

The date of this prospectus is _____, 2003.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this offering circular. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a "shelf" registration process. You should read this prospectus together with the additional information described under the heading "Available Information." You may also obtain from the SEC a copy of the registration statement and exhibits that we filed with the SEC. The registration statement may contain additional information that may be important to you.

The outstanding notes were originally issued by us on July 20, 1999 and September 11, 2001.

This prospectus may be used by Goldman, Sachs & Co. ("Goldman Sachs") and its broker-dealer subsidiaries in connection with offers and sales of the notes in market-making transactions from time to time. These transactions may occur in the open market or may be privately negotiated, at prices related to prevailing market prices at the time of sale or at negotiated prices.

AVAILABLE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. You may read and copy any document Hexcel files at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-888-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.hexcel.com. However, the information on our web site does not constitute a part of this prospectus.

In this document, we "incorporate by reference" the information we file with the SEC, which means that we can disclose important information to you by referring to that information. The information incorporated by reference is considered to be a part of this prospectus, and later information filed with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus until the offering is completed.

- o Annual Report on Form 10-K for the fiscal year ended December 31, 2002;
- o Current Report on Form 8-K dated January 27, 2003;
- o Registration Statement on Form S-4 filed with the SEC on August 8, 2001; and
- o Registration Statement on Form S-4/A filed with the SEC on June 17, 1999.

You may request a copy of these filings at no cost, by writing or telephoning Hexcel at: Two Stamford Plaza, 281 Tresser Boulevard, Stamford, Connecticut 06901, (203) 969-0666, Attention: Investor Relations.

You should rely only upon the information provided in this prospectus

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or incorporated by reference into this prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information in this prospectus, including any information incorporated by reference, is accurate as of any date other than the date of this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to future

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prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will," and similar terms and phrases, including references to assumptions. Such statements are based on current expectations, are inherently uncertain, and are subject to changing assumptions. These statements are contained in sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and other sections of this prospectus and in the documents incorporated by reference in this prospectus.

Such forward-looking statements include, but are not limited to:

- o estimates of commercial aerospace production and delivery rates, including those of Airbus Industries ("Airbus") and The Boeing Company ("Boeing");
- o expectations regarding growth in sales to regional and business aircraft manufacturers, and to the aircraft aftermarket;
- o expectations regarding the growth in the production of military aircraft, helicopters and launch vehicle programs in 2003 and beyond;
- o expectations regarding the recovery of demand for electronics fabrics used in printed wiring boards, as well as future business trends in the electronics fabrics industry;
- o expectations regarding the demand for soft body armor made of aramid and specialty fabrics;
- o expectations regarding growth in sales of composite materials for wind energy, automotive and other industrial applications;
- o estimates of changes in net sales by market compared to 2002;
- o expectations regarding our equity in the earnings or losses of joint ventures, as well as joint venture investments and loan guarantees;
- o expectations regarding working capital trends and capital expenditures;

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- o the availability and sufficiency of the existing senior credit facility and other financial resources to fund our worldwide operations in 2003 and beyond;
- o amendment of the existing senior credit facility;
- o the issuance of convertible preferred stock for \$125.0 million in cash;
- o refinancing our existing senior credit facility and the refinancing of the 7% Convertible Subordinated Notes due August 1, 2003; and
- o the impact of various market risks, including fluctuations in the interest rates underlying our variable-rate debt, fluctuations in currency exchange rates, fluctuations in commodity prices, and fluctuations in the market price of our common stock.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different. Such factors include, but are not limited to, the following: changes in general economic and business conditions; changes in current pricing and cost levels; changes in political, social and economic conditions and local regulations, particularly in Asia and Europe; foreign currency fluctuations; changes in aerospace delivery rates; reductions in sales to any significant customers, particularly Airbus or Boeing; changes in sales mix; changes in government defense procurement budgets; changes in military aerospace programs technology; industry capacity; competition; disruptions of established supply channels; manufacturing capacity constraints; and the availability, terms and deployment of capital.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected, estimated or projected. In addition to other factors that affect our operating results and financial position, neither past financial performance nor our expectations should be considered reliable indicators of future performance. Investors should not use historical trends to anticipate results or trends in future periods. Further, our stock price is subject to volatility. Any of the factors discussed above could have an adverse impact on our stock price. In addition, failure of sales or income in any quarter to meet the investment community's expectations, as well as broader market trends, can have an adverse impact on our stock price. We do not undertake an obligation to update its forward-looking statements or risk factors to reflect future events or circumstances.

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HEXCEL CORPORATION

We are the world's leading producer of advanced structural materials. We develop, manufacture and market lightweight, high-performance reinforcement products, composite materials and structures for use in commercial aerospace, space and defense, electronics and general industrial applications. Our materials are used in a wide variety of end products, such as commercial and military aircraft, space launch vehicles and satellites, printed wiring boards, computers, cellular telephones, televisions, soft body armor, high-speed trains and ferries, cars and trucks, wind turbine blades, reinforcements for bridges and other structures, window blinds, and a wide variety of recreational equipment.

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We are incorporated under the laws of the State of Delaware. Our principal executive offices are located at Two Stamford Plaza, 281 Tresser Boulevard, Stamford, Connecticut 06901. Our general telephone number is 203-969-0666.

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RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Relating to Our Indebtedness and the Notes

We have substantial debt that could limit our ability to make payments on the notes and reduce the effectiveness of our operations.

We have substantial debt and debt service requirements. We cannot assure you that we will generate sufficient cash flow from operations, or that we will be able to obtain sufficient funding, to satisfy our debt service obligations, including the payment of interest and principal at final maturity on the notes. As of December 31, 2002, after giving pro forma effect to the anticipated issuance of our preferred stock to investors affiliated with Berkshire Partners LLC and Greenbriar Equity Group LLC (the "Berkshire and Greenbriar investors") and investors affiliated with The Goldman Sachs Group, Inc. (the "Goldman Sachs investors"), \$125.0 million of senior secured notes due 2008, and the expected execution and delivery of our \$115.0 million new senior credit facility, we expect to have \$519.9 million of total debt (of which \$340.0 million will consist of the notes and the balance will consist of other debt). This substantial level of debt has important consequences, including:

- o making it more difficult for us to satisfy our obligations with respect to these notes;
- o placing us at competitive disadvantage compared to our competitors that have less debt;
- o limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of our growth strategy and research and development costs;
- o limiting our ability to use operating cash flow for working capital, capital expenditures, debt service requirements, and other areas of our business;
- o increasing our vulnerability to general adverse economic and industry conditions; and
- o limiting our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation.

We may not be able to generate sufficient cash flow to meet our debt service obligations, including payments on the notes.

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Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will depend on our future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including payments on the notes, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, or that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations on the notes.

We do not expect to generate sufficient cash flow from operations to repay our new senior credit facility when it matures or the notes when they mature. We expect that our ability to repay the notes at their scheduled maturity will be

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dependent in whole or in part on (i) replacing our new senior credit facility on or prior to its maturity and (ii) refinancing all or a portion of the notes before they mature.

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

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture do not fully prohibit us or our subsidiaries from doing so. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

We may not be able to finance future operations and capital needs because of restrictions contained in our debt agreements.

The operating and financial restrictions and covenants that are contained in our existing debt agreements, that will be contained in our new senior credit facility and that will be contained in any future financing agreements, may impair our ability to finance future operations or capital needs. In addition, we expect our new senior credit facility to require that we maintain compliance with specified financial ratios. A breach of any of these restrictions or covenants could cause a default under the notes and our other debt. A significant portion of our debt may then become immediately due and payable. We may not have, or be able to obtain, sufficient funds to make these accelerated payments, including payments on the notes.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

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 to the date of repurchase. However, it is possible that we will not have sufficient

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funds at the time of the change of control to make the required repurchase of notes or that restrictions in our new senior credit facility will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "Change of Control" under the indenture.

If a reasonably active trading market does not continue for these notes you may not be able to resell them.

Though the notes are eligible for trading in PORTAL and have a reasonably active trading market, we cannot assure you that an active trading market will continue for the notes. If an active trading market ceases, 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, our ability to effect the exchange offer, prevailing interest rates, our operating results and the market for similar securities. We have been informed by Goldman Sachs that they currently intend to make a market in these notes. However, Goldman Sachs may cease their market-making at any time. We do not intend to apply for listing the notes on any securities exchange.

Risks Relating to Our Business

Decreased demand in the commercial aerospace industry could significantly impair our sales, profit margins and financial condition.

Further reductions in the demand for new commercial aircraft could result in reduced net sales for our commercial aerospace products and could further reduce our profit margins. Approximately 46% of our net sales for the year ended December 31, 2002 were derived from sales to the commercial aerospace industry. Reductions in demand for commercial aircraft or a delay in deliveries could result from many factors, including a terrorist event similar to that which occurred on September 11, 2001 and any subsequent military response, changes in the propensity for the general public to travel by air, a rise in the cost of aviation fuel, consolidation of airlines and slower macroeconomic growth.

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In addition, our customers continue to emphasize the need for improved yield in the use of our products and cost reduction throughout the commercial aerospace supply chain. In response to these pressures, we reduced the price of some commercial aerospace products in recent years and are likely to continue to do so in the future. Where possible, we seek to offset or mitigate the impact of such price and cost reductions by productivity improvements and reductions in the costs of the materials and services we procure.

The industries in which we operate are cyclical, and downturns in them may adversely affect the results of our operations.

The core industries in which we operate are, to varying degrees, cyclical and have historically experienced downturns. We are currently in the midst of cyclical downturns in the commercial aerospace, electronics and ballistics industries. We cannot assure lenders that there will not be further deterioration in these industries or as to whether, when and to what extent these industries will recover. Any further deterioration or a lack of recovery in these industries could adversely affect our financial performance and operating results.

A significant decline in business with Boeing or Airbus could materially

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impair our business, operating results, prospects and financial condition.

Approximately 22% and 23% of our sales for the years ended December 31, 2002 and December 31, 2001, respectively were made to Boeing and its related subcontractors. Approximately 15% and 16% of our sales for the years ended December 31, 2002 and December 31, 2001, respectively, were made to the European Aeronautic Defence Company, including Airbus and related subcontractors. Accordingly, the loss of, or significant reduction in purchases by, either of these customers from the Company could materially impair our operating results and weaken our financial condition.

Reductions in space and defense spending could result in a decline in our net sales.

We cannot assure you that the growth in military aircraft production that has occurred in recent years can be sustained or that production will continue to grow. The production of military aircraft depends upon U.S. and European defense budgets and the related demand for defense and related equipment. There can be no assurance that these defense budgets will not decline or that sales of defense and related equipment to foreign governments will continue at expected levels. Approximately 17% of our net sales for the year ended December 31, 2002 were derived from the space and defense industry. The space and defense industry is largely dependent upon government defense budgets, particularly the U.S. defense budget.

A decrease in supply or increase in cost of our raw materials could result in a material decline in our profitability.

Because we purchase large volumes of raw materials, such as epoxy and phenolic resins, aluminum foil, carbon fiber, fiberglass yarn and aramid paper and fiber, any decrease in the supply or increase in the cost of the our raw materials could significantly reduce our profit margins. We cannot assure you that we will experience no decrease in the supply or increase in price of our raw materials. Our profitability depends largely on the price and continuity of supply of these raw materials, which are supplied by a limited number of sources. In addition, qualification to use raw materials in some of our products limits the extent to which we are able to substitute alternative materials for these products. Our ability to pass on these costs to our customers is, to a large extent, dependent on the terms of our contracts with our customers and industry conditions, including the extent to which our customers would switch to alternative materials we do not produce in the event of an increase in the prices of our products.

Our substantial international operations are subject to uncertainties which could affect our operating results.

We believe that revenue from sales outside the U.S. will continue to account for a material portion of our total revenue for the foreseeable future. Additionally, we have invested significant resources in our international operations and we intend to continue to make such investments in the future. Our international operations are subject to numerous risks, including:

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- o the difficulty of enforcing agreements and collecting receivables through some foreign legal systems;
- o fluctuations in currency exchange rates;
- o foreign customers may have longer payment cycles than customers

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in the U.S.;

- o compliance with U.S. Department of Commerce export controls;
- o tax rates in some foreign countries may exceed those of the U.S. and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- o general economic and political conditions in the countries where we operate may have an adverse effect on our operations in those countries or not be favorable to our growth strategy;
- o the risk that foreign governments may adopt regulations or take other actions that would have a direct or indirect adverse impact on our business and market opportunities; and
- o the potential difficulty in enforcing intellectual property rights in some foreign countries.

Any one of the above could adversely affect our financial condition and results of operations, our ability to make scheduled payments of principal of or interest on the notes and the market value and liquidity of the notes.

During the past several years, some countries in which we operate or plan to operate have been characterized by varying degrees of inflation and uneven growth rates. We currently do not have political risk insurance in the countries in which we conduct business. While we carefully consider these risks when evaluating our international operations, we cannot assure you that we will not be materially adversely affected as a result of such risks.

We could be adversely affected by environmental and safety requirements.

Our operations, like those of other companies engaged in similar businesses, requires the handling, use, storage and disposal of certain regulated materials. As a result, we are subject to various federal, state, regional, local and foreign laws and regulations pertaining to pollution and protection of the environment, health and safety, governing among other things, emissions to air, discharge to waters and the generation, handling, storage, treatment and disposal of waste and other materials, and remediation of contaminated sites. We have made and will continue to make capital and other expenditures in order to comply with these laws and regulations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future.

We have been named as "potentially responsible parties" under the federal Superfund law or similar state laws at several sites requiring clean up based on disposal of wastes they generated. These laws generally impose liability for costs to investigate and remediate contamination without regard to fault and under certain circumstances liability may be joint and several resulting in one responsible party being held responsible for the entire obligation. Liability may also include damages to natural resources. In addition to the foregoing, we have incurred and likely will continue to incur expenses to investigate and clean up several existing and former company-owned or leased property. We have incurred substantial expenses for all these sites over a number of years, a portion of which has been covered by insurance. Although it is possible that new information could require us to reassess our potential exposure to all pending investigations and remediations, we believe that, based on currently available information, the resolution of these matters will not have a material adverse effect on our business, financial condition or results of operations. See the section entitled "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31,

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2002, which is incorporated herein by reference.

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We believe that our business, operations and facilities are being operated in substantial compliance with applicable environmental and health and safety laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. Based on information presently known to us and accrued environmental reserves, we do not expect environmental costs or contingencies to have a material adverse effect on us. However, potentially material expenditures could be required in the future. For example, we may be required to comply with evolving environmental and health and safety laws, regulations or requirements that may be adopted or imposed in the future or to address newly discovered information or conditions that require a response. The operation of manufacturing plants entails risks in these areas, however, and there can be no assurance that we will not incur material costs or liabilities in the future which could adversely effect us.

Most of our properties have been the subject of Phase I Environmental Site Assessments. However, there can be no assurance that all potential instances of soil and groundwater contamination have been identified, even at those sites where Environmental Site Assessments have been conducted. Accordingly, there can be no assurance that we will not discover previously unknown environmental conditions or that the cost of remediating such conditions will not be material.

The interests of our significant shareholders may be different than your interests.

Upon consummation of our preferred stock financing, the Goldman Sachs investors and the Berkshire and Greenbriar investors will each have the ability to influence our affairs so long as each maintains its ownership of respective specified percentages of our outstanding voting securities, and the interests of each of these investors may not in all cases be the same as your interests. After issuance of the preferred stock, the Goldman Sachs investors will own approximately 38% of our outstanding voting securities and the Berkshire and Greenbriar investors will together own approximately 35% of our outstanding voting securities. Under our governance agreement with the Goldman Sachs investors, the Goldman Sachs investors are entitled to designate up to three people to serve on our ten-member Board of Directors, and are entitled to designate one director to serve on each committee of our Board of Directors. Under the stockholders agreement we have agreed to enter into with the Berkshire and Greenbriar investor group, the Berkshire and Greenbriar investors will be entitled to designate up to two people to serve on our Board of Directors, and will be entitled to designate one director to serve on each committee of our Board of Directors. In addition, the governance agreement and the stockholders agreement each provide that our Board of Directors will not authorize specified types of significant transactions without the approval of the directors designated by each of the respective investors. The interests of these investors may be different than your interests.

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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.

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| | Year Ended December | | |
|---|---------------------|----------|---------|
| | 1998 | 1999 | 2000 |
| | (dollars in | | |
| Income (loss) before Taxes, Equity in Earnings | \$ 78.3 | \$ (5.0) | \$ 75. |
| Interest Expense, Including Amortization of Debt Issuance Costs | 38.7 | 73.9 | 68. |
| Interest Portion of Rentals (1) | 2.7 | 3.1 | 2. |
| Earnings Before Provision for Taxes and Fixed Charges | \$ 119.7 | \$ 72.0 | \$ 146. |
| Interest Expense, Including Amortization of Debt Issuance Costs | \$ 38.7 | \$ 73.9 | \$ 68. |
| Interest Portion of Rentals (1) | 2.7 | 3.1 | 2. |
| Total Fixed Charges | \$ 41.4 | \$ 77.0 | \$ 71. |
| Ratio of Earnings to Fixed Charges (2) | 2.9 | N/A | 2. |

- (1) Calculated as one third of rentals, which is a reasonable approximation of the interest f
- (2) Earnings were inadequate to cover fixed charges for 2001 and 1999. The deficiency in earn the years ended December 31, 2001 and December 31, 1999 is \$(383.7) and \$(5.0), respectiv

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USE OF PROCEEDS

This prospectus is delivered in connection with the sale of the notes by Goldman Sachs and its broker-dealer subsidiaries in market-making transactions. We will not receive any of the proceeds from such transactions.

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PLAN OF DISTRIBUTION

This prospectus is to be used by Goldman Sachs and other broker-dealer subsidiaries of Goldman Sachs in connection with offers and sales of the notes in market-making transactions effected from time to time. Goldman Sachs may act as a principal or agent in such transactions, including as agent for the counterparty when acting as principal or as agent for both counterparties, and may receive compensation in the form of discounts and commissions, including from both counterparties when it acts as agent for both. Such sales will be made at prevailing market prices at the time of sale, at prices related thereto or at negotiated prices.

Certain affiliates of Goldman Sachs beneficially own Hexcel common

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stock, which in the aggregate constitutes approximately 38% of the equity ownership of Hexcel as of December 31, 2002. Goldman Sachs has informed us that it does not intend to confirm sales of the notes to any accounts over which it exercises discretionary authority without the prior specific written approval of such transactions by the customer.

We have been advised by Goldman Sachs that, subject to applicable laws and regulations, Goldman Sachs currently intends to continue to make a market in the notes. However, Goldman Sachs is not obligated to do so, and any such market-making may be interrupted or discontinued at any time without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act of 1933 and the Securities Exchange Act of 1934. There can be no assurance that an active trading market will be sustained. See "Risk Factors-- If a reasonably active trading market does not continue for these notes you may not be able to resell them."

Goldman Sachs and its affiliates may in the future engage in commercial and/or investment banking transactions with Hexcel and its affiliates. Goldman Sachs acted as an initial purchaser in connection with the initial sale of the notes in 2001 and received a customary underwriting discount in connection with that transaction. Goldman Sachs and its affiliates currently own, and may, from time to time, trade the notes for its own account in connection with its principal activities. Additionally, in the future, Goldman Sachs and its affiliates may, from time to time, own notes as a result of its market-making activities.

Hexcel will not receive any of the proceeds of such sales of the notes but will bear the expenses of registration.

LEGAL MATTERS

Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, has passed upon the validity and enforceability of the notes.

EXPERTS

The consolidated financial statements incorporated by reference in this Registration Statement on Form S-3 to the Annual Report on Form 10-K of Hexcel Corporation for the year ended December 31, 2002, have been so incorporated in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 2 to the consolidated financial statements) of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following sets forth expenses, other than underwriting fees and commissions, expected to be borne by the Registrant, in connection with the distribution of the Securities being registered:

| | |
|---|------|
| Securities and Exchange Commission registration fee | \$ 0 |
|---|------|

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| | |
|----------------------------|----------|
| NASD filing fee | 0 |
| Blue Sky fees and expenses | 0 |
| Rating agency fees | 0 |
| Transfer agent fees | 0 |
| Trustee's fees | 0 |
| Legal | 10,000 |
| Printing | 0 |
| Accounting | 2,500 |
| Miscellaneous | 7,500 |
| Total | \$20,000 |

Item 15. Indemnification of Directors and Officers

Set forth below is a description of certain provisions of the Delaware General Corporation Law (the "DGCL"), the Certificate of Incorporation of the Company and the Hexcel Corporation Incentive Stock Plan, as amended and the Hexcel Corporation 1998 Broad Based Incentive Stock Plan, as amended (together, the "Incentive Stock Plans"), as such provisions relate to the indemnification of the directors and officers of the Company. This description is intended only as a summary and is qualified in its entirety by reference to the applicable provisions of the DGCL, the Certificate of Incorporation of the Company, the Bylaws of the Company and the Incentive Stock Plans, which are incorporated herein by reference.

Section 145 of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at its request in such capacity at another corporation or business organization, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe that such person's conduct was unlawful. A Delaware corporation may indemnify officers and directors against expenses (including attorneys' fees) in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses that such officer or director actually and reasonably incurred.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of a corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of his fiduciary duty as a director; provided, however, that such clause shall not apply to any liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (Liability of Directors for Unlawful Payment of Dividend or Unlawful Stock Purchase or Redemption) or (iv) for any transaction from which the director derived an improper personal benefit.

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The Company's Certificate of Incorporation provides for the elimination of personal liability of a director for breach of fiduciary duty, to the full extent permitted by the DGCL. The Company's Certificate of Incorporation also provides that the Company shall indemnify its directors and officers to the full extent permitted by the DGCL; provided, however, that the Company shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the Board of Directors of the Company. The Certificate of Incorporation further provides that the Company may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification similar to those provided to the directors and officers of the Company to the employees and agents of the Company who are not directors or officers of the Company.

Pursuant to the Incentive Stock Plans, no member of the Executive Compensation Committee of the Board of Directors of the Company, or such other committee or committees of the Board of Directors as may be designated by the Board of Directors from time to time to administer the Incentive Stock Plans, shall be liable for any action or determination made in good faith, and the members of such committee or committees shall be entitled to indemnification in the manner provided in the Company's Certificate of Incorporation.

Item 16. Exhibits

| Exhibit No. ----- | Description ----- |
|----------------------|--|
| 2.1 | Asset Purchase Agreement dated March 31, 2000 between Hexcel Corporation and Britax Cabin Interiors, Inc. (incorporated herein by reference to Exhibit 2.1 to Hexcel's Current Report on Form 8-K dated May 10, 2000). |
| 3.1 | Restated Certificate of Incorporation of Hexcel Corporation (incorporated herein by reference to Exhibit 1 to Hexcel's Registration Statement on Form 8-A dated July 9, 1996, Registration No. 1-08472). |
| 3.2 | Amended and Restated Bylaws of Hexcel Corporation (incorporated herein by reference to Exhibit 3.2 to Hexcel's Registration Statement on Form S-4 (No. 333-66582), filed on August 2, 2001) |
| 4.1 | Indenture dated as of January 21, 1999 between Hexcel Corporation and The Bank of New York, as trustee, relating to the issuance of the 9-3/4% Senior Subordinated Notes due 2009 (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (No. 333-71601), filed on February 2, 1999). |
| 4.2 | Indenture dated as of July 24, 1996 between Hexcel Corporation and First Trust of California, National Association, as trustee, relating to the 7% Convertible Subordinated Notes due 2003 of the Company (incorporated herein by reference to Exhibit 4 to Hexcel's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996). |
| 4.3 | Indenture dated as of August 1, 1986 between Hexcel and the Bank of California, N.A., as trustee, relating to the 7% Convertible Subordinated Notes due 2011 of the Company (incorporated herein by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997). |

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- 4.3(a) Instrument of Resignation, Appointment and Acceptance, dated as of October 1, 1993 (incorporated herein by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993).
- 5.1** Opinion of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Company.

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- 12.1** Statement regarding the computation of ratio of earnings to fixed charges for the Company, for the period ending December 31, 1998, 1999, 2000, 2001 and 2002 (included in the prospectus).
- 21.1 Subsidiaries of the Company (incorporated herein by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002).
- 23.1** Consent of PricewaterhouseCoopers LLP.
- 23.2 Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1).
- 24.1** Powers of Attorney (included on the signature pages of the Registration Statement).
- 25.1 Statement of Eligibility and Qualification on Form T-1 of The Bank of New York, as trustee, under the Indenture relating to the 9-3/4% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibits 25.1 to the Company's Registration Statements on Form S-4 (File Nos. 333-66582 and 333-71601)).

* Indicates management contract or compensatory plan or arrangement.
** Filed herewith.

Item 17. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b)

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if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offer thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Stamford, state of Connecticut, on March 6, 2003.

HEXCEL CORPORATION

By: /s/ Ira J. Krakower

Ira J. Krakower
Senior Vice President, General Counsel
and Secretary

KNOWN TO ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ira J. Krakower his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this registration statement (including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

| SIGNATURE ----- | TITLE ----- | DATE ---- |
|---|---|---------------|
| /s/ David E. Berges ----- David E. Berges | Chairman of the Board; Chief Executive Officer; President; Director | March 6, 2003 |
| /s/ Stephen C. Forsyth ----- Stephen C. Forsyth | Executive Vice President; Chief Financial Officer | March 6, 2003 |
| /s/ Willaim J. Fazio ----- William J. Fazio | Controller; Principal Accounting Officer | March 6, 2003 |
| /s/ H. Arthur Bellows, Jr. ----- H. Arthur Bellows, Jr. | Director | March 6, 2003 |
| /s/ Sandra L. Derickson ----- Sandra L. Derickson | Director | March 6, 2003 |

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/s/ James J. Gaffney Director March 6, 2003

James J. Gaffney

/s/ Marshall S. Geller Director March 6, 2003

Marshall S. Geller

/s/ Sanjeev K. Mehra Director March 6, 2003

Sanjeev K. Mehra

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/s/ Lewis Rubin Director March 6, 2003

Lewis Rubin

/s/ Peter M. Sacerdote Director March 6, 2003

Peter M. Sacerdote

/s/ Martin L. Solomon Director March 6, 2003

Martin L. Solomon

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EXHIBIT INDEX

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|-------------|--|
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Corporation and The Bank of New York, as trustee, relating to the issuance of the 9-3/4% Senior Subordinated Notes due 2009 (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (No. 333-71601), filed on February 2, 1999).

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