HEXCEL CORP /DE/
Form S-3
November 24, 2004

QuickLinks -- Click here to rapidly navigate through this document

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 24, 2004

Registration No. 333-

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 Number)

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, Esq.
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**	**Kris F. Heinzelman, Esq.** **Cravath, Swaine & Moore LLP** **Worldwide Plaza** **825 Eighth Avenue** **New York, New York 10019**

Approximate date of commencement of proposed sale to the public: As soon as possible 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: o

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

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: o

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: o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value $0.01 per share, of Hexcel Corporation	24,149,998	$16.37	$395,335,467	$50,089

(1) Includes an aggregate of 3,149,998 shares of common stock that may be purchased by the underwriters to cover over-allotments, if any.

(2) 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, based on the average of the high and low prices of the common stock on the New York Stock Exchange on November 22, 2004.

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.

Subject to Completion. Dated November 24, 2004.

21,000,000 Shares

Hexcel Corporation

Common Stock

All of the shares of common stock in this offering are being sold by the selling stockholders identified in this prospectus. Hexcel will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

The common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "HXL". The last reported sale price of the common stock on November 23, 2004 was $16.61 per share.

See "Risk Factors" on page 14 to read about factors you should consider before buying shares of the common stock.

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

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than 21,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,149,998 shares from the selling stockholders at the initial price to public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2004.

Goldman, Sachs & Co. **Credit Suisse First Boston**

Deutsche Bank Securities

Bear, Stearns & Co. Inc.

Jefferies Quarterdeck

Prospectus dated , 2004.

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 website at www.sec.gov or from our website at www.hexcel.com. However, the information on our website 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. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. 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.

- Annual Report on Form 10-K for the fiscal year ended December 31, 2003;
- Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004; June 30, 2004 and September 30, 2004;
- Proxy Statement for the 2004 Annual Meeting of Stockholders of Hexcel Corporation filed on April 23, 2004; and
- Current Reports on Form 8-K dated April 22, 2004; July 23, 2004; September 29, 2004; October 1, 2004; October 22, 2004; and November 22, 2004 (except any materials only "furnished" to the SEC).

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 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.

MARKET AND INDUSTRY DATA

Industry and market data used throughout this prospectus was obtained through company research, surveys and studies conducted by third parties and industry and general publications. We have not independently verified market and industry data from third-party sources. While we believe that our internal surveys are reliable and that industry descriptions are appropriate, neither these surveys nor these descriptions have been verified by any independent sources.

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 prospects, developments and business strategies. These forward-looking statements are identified by the 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 "Risk Factors," "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:

- estimates of the trend in commercial aerospace production and delivery rates, including those of Airbus and Boeing;
- expectations regarding the growth in the production of military aircraft, helicopters and launch vehicle programs in 2004 and beyond;
- expectations regarding future business trends in the electronics fabrics industry;
- expectations regarding the demand for body armor made of aramid and specialty fabrics;
- expectations regarding growth in sales of composite materials for wind energy, recreation and other industrial applications;
- estimates of changes in net sales by market compared to 2003;
- expectations regarding our equity in the earnings (losses) of joint ventures, as well as joint venture investments and loan guarantees;
- expectations regarding working capital trends and capital expenditures;
- the availability and sufficiency of our senior credit facility and other financial resources to fund our worldwide operations in 2004 and beyond;
- expectations about refinancing BHA Aero Composite Parts Co., Ltd.; and
- 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 or technology; industry capacity; competition; disruptions of established supply channels; manufacturing capacity constraints; the availability, terms and deployment of capital; and the other factors described under "Risk Factors." Additional information regarding these factors is contained in our Annual Report on Form 10-K for the year ended December 31, 2003.

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, could have an adverse impact on our stock price. We do not undertake an obligation to update such forward-looking statements or risk factors to reflect future events or circumstances.

SUMMARY

This summary may not contain all of the information that may be important to you. You should read the entire prospectus, including the financial data and related notes, before making an investment decision. The terms "Hexcel," the "Company," "we" and "us" in this prospectus refer to Hexcel Corporation and its subsidiaries, unless the context otherwise requires. You should pay special attention to the "Risk Factors" section beginning on page 14 of this prospectus to determine whether an investment in our common stock is appropriate for you. Unless otherwise noted, all references in this prospectus to a number or percentage of shares outstanding are based on 40,381,080 shares of our common stock outstanding as of November 22, 2004. Unless otherwise noted, the information in this prospectus assumes that the underwriters' over-allotment option to purchase a maximum of 3,149,998 additional shares is not exercised.

Overview

We are a leading producer of advanced structural materials. We develop, manufacture and market lightweight composite materials, high-performance reinforcement products, and composite structures for use in the commercial aerospace, industrial, space and defense and electronics markets. Our products are used in a wide variety of end products, such as commercial and military aircraft, space launch vehicles and satellites, wind turbine blades, printed wiring boards for computers and telecommunications, body armor, high-speed trains and ferries, cars and trucks, window blinds, bikes, skis and a wide variety of recreational equipment. Our advanced structural materials enable our customers to build structures that are lighter, stiffer and/or stronger than structures built with traditional materials without the problems of fatigue or corrosion associated with metals. The following charts summarize our fiscal 2003 net sales by manufactured location, business segment and end market:

For the fiscal year ended December 31, 2003, we generated net sales of $896.9 million. For the nine months ended September 30, 2004, we generated net sales of $798.1 million.

Our business is organized around three strategic business segments:

- *Composites:* This segment manufactures and produces carbon fibers, honeycomb and fiber reinforced matrix materials, structural adhesives and specially machined honeycomb details and composite panels that are incorporated into many applications including military and commercial aircraft, wind turbine blades and recreation products;

- *Reinforcements:* This segment manufactures carbon fiber reinforcement fabrics for composites, fiberglass fabrics for printed wiring board substrates, woven fabrics for ballistics protection and other carbon, aramid and glass reinforcement materials that are the foundation of composite materials, parts and structures or are used in other industrial applications; and

- *Structures:* This segment engineers and produces composite parts for structures and interiors of commercial and military aircraft.

With 18 manufacturing facilities located in six countries around the world and joint ventures in the United States and Asia, we are well positioned to take advantage of opportunities for growth worldwide. For the fiscal year ended December 31, 2003, 45% of our products were manufactured outside the United States. We serve our international markets through manufacturing facilities and sales offices located in the United States and Europe and through sales offices located in Asia and Australia.

We believe that we have achieved a degree of vertical integration unmatched by any competitor. This vertical integration enhances our control over the cost, quality and delivery of our products and enables us to offer a variety of solutions to our customers' mission critical, structural materials needs. We have maintained longstanding relationships with our key customers, including Boeing and the European Aeronautic Defence and Space Company ("EADS"), the parent company of Airbus, DHB Industries, Vestas Wind Systems, Isola Laminate Systems, Park Electrochemical, Lockheed Martin, BAE Systems and GKN.

Competitive Strengths

We believe that our competitive position is attributable to a number of key strengths, including the following:

Industry Leader with Comprehensive Product Capabilities

We believe that we are:

- the world's largest integrated producer of advanced structural materials for both the commercial and military aerospace industries;

- a global leader in the manufacture of carbon fibers for military aircraft applications, as well as a global leader in the manufacture of fiber reinforced matrix materials, reinforcement fabrics and honeycomb products for commercial and military aircraft applications; and

- the world's leading producer of reinforcement fabrics for body armor.

We have been an industry leader for more than 50 years and attribute the strength and longevity of our leading position to our reputation for high quality and engineering excellence across the broad range of our product offerings. We are a vertically integrated manufacturer, with a supply chain that provides us with a greater ability to control the cost, quality and delivery of our products. In addition, because we develop, manufacture and sell products at each level of our vertically integrated manufacturing process, we are able to provide the broadest possible range of overall materials solutions to our customers. Currently, we consume approximately 50% of our carbon fiber production and 25% of our reinforcement fabric production internally and sell the balance of our production to our customers.

Strong Position as Qualified Supplier

Generally, before advanced structural materials may be utilized in commercial and military aerospace applications, they must be qualified for use by the aircraft original equipment manufacturers ("OEMs") such as Airbus, Boeing and Lockheed Martin. The qualification process is typically time consuming and costly and requires that the product specification and manufacturing processes be certified and documented. This qualification process is focused on ensuring consistent manufacturing and the traceability of products and is part of the support aircraft manufacturers require to certify an aircraft with governmental agencies such as the Federal Aviation Administration or the Department of Defense. To limit variation, OEMs qualify a limited number of suppliers for any given product. Further, they rely upon a database of prior usage of a product in selecting materials to use in the manufacture of new aircraft programs. Airbus and Boeing, the largest commercial aircraft manufacturers in the world, use our qualified products in all of their commercial aircraft, and our carbon fiber is the only qualified carbon fiber on many U.S. and Western European military aircraft programs currently in production. We believe that we have the broadest range of product qualifications of any advanced structural materials manufacturer in the aerospace industry and have qualified products for use in a significant number of western commercial and military aircraft programs. In addition, aircraft programs typically have very long life cycles, with production runs often lasting 20 to 30 years or more. As a result of the high cost and increased risk associated with the qualification of a new supplier, as well as the strong relationships that develop with existing suppliers over time, OEMs generally do not add new suppliers once a program enters production.

Visibility into the OEM Recovery

The lead times for the manufacture of modern commercial and military aircraft are long. Changes in aircraft build rates are decided well in advance of changes in production as they take months to implement. Suppliers are notified very early in the planning stage regarding any changes in production requirements and periodically participate in rate readiness studies to determine whether the supply chain can support increases in aircraft production. We believe that knowing these production planning requirements gives us significant visibility into the expected demand for our products for the next twelve to eighteen months. Hexcel's advanced structural materials are typically delivered four to nine months prior to the production of an aircraft, whereas finished composite structures are delivered while an aircraft is being assembled. We are currently delivering materials that will be used to support the increase in commercial aircraft production well into 2005. Our close relationships with all the key OEMs and involvement in their production planning give us confidence in the near to mid-term prospects for our businesses.

Industry and Geographic Diversity

Approximately 43% of our net sales for the fiscal year ended December 31, 2003 were derived from the commercial aerospace industry; 20% from the space and defense industry; 6% from the electronics industry; and 31% from a wide range of industrial applications, including body armor products, wind turbine blades and recreational and automotive products. We believe that these industries are influenced by different factors that do not move in tandem, providing added diversification and stability to our business. Our revenues from market applications outside aerospace represented 37% of our 2003 sales. During the same period, we manufactured 55% of our products in the United States and 45% outside the United States, which offers additional diversification benefits. We believe that this industry and geographic diversity provides us with growth platforms that allow us to serve the global needs of our customers.

Growing Share of Growing Markets

Many of the markets we serve with advanced structural materials, such as aerospace, wind energy and ballistic materials, have long-term positive fundamental growth trends. The use of advanced structural materials in aerospace and wind energy applications tends to expand faster than the market as our products are substituted for traditional materials such as aluminum, steel and wood. In commercial aerospace, for example, composite materials are increasingly being used to replace aluminum and other metals throughout the airframe. We believe that this substitution effect represents a long-term trend in the commercial and military aerospace industries, with composites representing an increasingly higher percentage of the total value of the airframe in each new aircraft generation. Early versions of commercial jet aircraft, like the Boeing 707, which was developed in the early-1950s, contained almost no composite materials. One of the first aircraft to use a meaningful amount of composite materials, the Boeing 767, entered service in 1983, and was built with an airframe containing approximately 6% composite materials. The airframe of Boeing's most recently developed aircraft, the 777, which entered service in 1995, is approximately 11% composite. By comparison, the newest generation of aircraft in development, including the Airbus A380 and Boeing 7E7, is expected to be built with airframes containing approximately 22% and 50% composite materials, respectively. Hexcel has been awarded contracts to supply substantial quantities of its products to the A380, including the materials to build the central wing box and aft fuselage. While Boeing has chosen another supplier to provide one advanced structural material product form for the wings and fuselage of the 7E7, the remaining opportunities for advanced structural materials are significant, and we believe that this will be an important aircraft for Hexcel. We believe that, following the 7E7, future generations of aircraft will contain increasingly higher percentages of composite materials. As a global leader in the production of advanced structural materials for the commercial aerospace industry, we believe that we are well positioned to benefit from these trends.

Significant Operating Leverage

Following the industry downturn that began in late 2001, we restructured our company, reducing our annual cash fixed costs by 23%, or $66.4 million, in 2002, primarily through company-wide reductions in managerial, professional, indirect manufacturing and administrative employees along with organizational rationalization. In the last two years, we have maintained the lean organization we created so that any increase in sales will result in a proportionally greater increase in our profitability. Our 2004 year-to-date operating performance has demonstrated the operating leverage we can extract from revenue growth with operating income for the nine months ended September 30, 2004 increasing by 38% on revenue growth of 18% when compared with the same period in 2003. As our commercial aircraft revenue grows as a result of increasing aircraft production rates, we should continue to benefit from our controlled fixed costs, further expanding margins and generating increased amounts of free cash flow.

Manufacturing and Technical Expertise

We have been a leader in advanced structural materials technology for over 50 years. We believe that the range of technologies and products that we have developed over this period gives us a depth of manufacturing expertise and breadth of products and approvals that would be difficult for competition to replicate in our industry. Our manufacturing and development facilities in the U.S. and Europe offer local support to our customers' needs while leveraging our global capabilities and experience. Our technically oriented sales force and research and development staff work with new and existing customers to identify and engineer solutions to meet our customers' needs, particularly by identifying areas where new and existing advanced structural materials may beneficially replace traditional materials.

Experienced, Proven and Motivated Management Team

We believe that our management team provides broad experience and expertise in the advanced structural materials business and its industries. David E. Berges, our Chairman, President and Chief Executive Officer, has over 30 years of experience with manufacturing organizations serving aerospace, automotive and industrial applications. Prior to joining us, Mr. Berges served as President of Honeywell's (formerly AlliedSignal) Automotive Products Group, Vice President of their Aerospace Engine Systems and Accessories groups and served as President and Chief Operating Officer of Barnes Aerospace, Barnes Group Inc. following 15 years of operational and commercial leadership roles at General Electric Company. Our Executive Vice President and Chief Financial Officer, Stephen C. Forsyth, has been with Hexcel for 24 years in general management and financial positions and has been Chief Financial Officer for eight years. Our three business unit presidents have accumulated over 65 years of experience with Hexcel and our predecessor companies. A substantial portion of our management's total compensation is based on cash incentive awards linked primarily to the achievement of financial targets and on equity awards.

Growth Strategy

Our growth strategy is focused on maintaining our strong competitive differentiation while growing market share and revenue and enhancing profitability. Key elements of our growth strategy include the following:

Expand Leadership Position in Commercial Aerospace Industry

Commercial aerospace remains the largest market for advanced structural materials. We are the leading supplier of advanced structural materials to this industry, with strong positions at both Airbus and Boeing. We believe that underlying trends in the commercial aerospace market will drive growth in the future, and with it growth in the corresponding demand for advanced structural materials.

Significant trends in the commercial aerospace market include the following:

- increased usage of advanced structural materials in each new generation of commercial aircraft;
- increased aircraft retirement rates as a result of operating costs, noise reduction regulation and a desire to standardize fleets;
- increased emphasis on fuel efficiency and the design of new aircraft;
- increased air travel worldwide and, in particular, the Asian emerging economies, most notably China;
- European aviation deregulation; and
- the move to all new aircraft fleets by low cost carriers.

The commercial airline industry saw an upturn in air travel in 2003, and this trend has continued in 2004, bringing global revenue passenger miles back to 2000 levels. The positive trend continued in the first nine months of 2004 as global air traffic increased by approximately 18% over the first nine months of 2003, led by growth of approximately 29% in the Middle East region, 25% in the Asia-Pacific region and 17% in North America. In response to this increase in passenger traffic, the global airline industry increased capacity by approximately 13% during the first nine months of 2004, led by capacity growth of approximately 24% in the Middle East region, 18% in the Asia-Pacific region and 11% in North America. The commercial aircraft industry is expected to remain a growth market over the long term, with industry sources projecting worldwide air traffic to grow at a compounded average rate of 5.6% during the 2003-2020 period, increasing annual revenue passenger miles from approximately 2 trillion in 2003 to approximately 5 trillion in 2020. The growth in revenue passenger miles will require substantial expansion of the worldwide fleet and OEM production rates. According to the July 2004 Airline Monitor, new deliveries of large commercial aircraft by Airbus and Boeing are expected to grow to 605 in 2004 from 573 in 2003, and then to 670 in 2005, 775 in 2006, 800 in 2007 and 835 in 2008. Industry experts expect that the worldwide fleet of commercial airlines will more than double over the 17-year period ending 2020.

We continue to pursue the increased use of advanced structural materials in each new generation of commercial aircraft. The Airbus A340-500/600 models for the first time utilize advanced structural materials to fabricate the keel beam and the rear pressure bulkhead. The Airbus A380 reflects further penetration of advanced structural materials because the airframe contains more than 10 times the composite content of the Boeing 747 with which it will compete. Boeing is currently developing the 7E7 aircraft that will utilize more advanced structural materials than any previous large commercial aircraft. We believe that the 7E7 will set the standard for the design of future commercial aircraft and the usage of advanced structural materials in their manufacture. We believe that we are well positioned to capitalize on growth trends in the commercial aerospace industry by continuing to produce a wide variety of advanced structural materials for use in the manufacture of commercial aircraft.

Capitalize on Growing Military Aerospace Markets

We continue to capitalize on the growth of military aircraft production. Military aircraft generally use a higher percentage of advanced structural materials and higher value products than commercial aircraft, and we are uniquely qualified to supply materials for a broad range of military aircraft and helicopters. After a slowdown in military aircraft production during the 1990s, a new generation of military aircraft has now entered production, driven in part by the need to replace aging fighter and transport aircraft platforms. The new programs include the F-22 (Raptor), the F/A-18E/F (Hornet), the C-17 transport, the European Fighter Aircraft (Typhoon), the V-22 (Osprey) tiltrotor aircraft and the NH90 helicopter. In the coming years, we expect to see the benefit of additional programs such as the F-35 Joint Strike Fighter ("JSF") and the A400M transport in Europe as well as from unmanned aerial vehicles. Military aircraft lead the trend of increasing usage of advanced structural materials. We estimate that while the airframe of the F/A-18 C/D had 13% composite content, the newer F/A-18E/F version is now 27% composite content. Newer aircraft such as the Eurofighter or the JSF will exceed 40% composite content. While the relative size of each program will be subject to government funding, the requirement to replace existing aircraft and the increased defense spending resulting from the war on terrorism are expected to result in military aircraft production this decade that will be significantly higher than during the last decade. We are the sole supplier of carbon fiber on a significant number of U.S.-based military aircraft programs, and therefore we are uniquely positioned to capitalize on the growth of these aircraft platforms.

Capture Significant Share of Growing Wind Energy Market

We believe that we are well positioned to generate revenue growth from the rapid expansion of the wind energy market. The American Wind Energy Association ("AWEA") has reported that global wind energy generating capacity has grown from 6,259 megawatts ("MW") in 1996 to 39,294 MW in 2003, representing a compounded annual growth rate of 30%. In 2003, 8,133 MW of capacity were installed, representing a 26% increase over installed capacity at the end of 2002. At the end of

2003, Europe as a whole, where we are the largest supplier of pre-impregnated composite materials ("prepregs") for these applications, represented approximately 74% of global installed capacity. German installed capacity, representing 37% of global installed capacity at the end of 2003, increased by 22% in 2003 to 14,609 MW. The growth in demand in Europe for renewable wind energy is driving the construction of large offshore wind farms, which benefit from more consistent wind patterns and the development of larger wind turbines and longer blades. The United States had the second largest installed capacity at the end of 2003, with approximately 6,374 MW, having increased by 36% in 2003. Key to the continuing growth of this market in the United States is the U.S. production tax credit for wind energy, which was renewed by Congress on September 28, 2004. The vast majority of blades on modern wind turbines are fabricated from fiber reinforced structural materials and with each new generation the sizes of the blades increase, creating the opportunity for greater use of our advanced structural materials. We believe that the combination of the superior technology of our products and the strength of our existing relationships in the wind energy industry will enable us to capitalize on the long term growth of this market.

Expand Applications for Advanced Structural Materials

We are committed to expanding the application of our advanced materials both within existing market applications and into new application markets. To date, advanced structural materials have found their greatest use in aerospace and recreation applications, where their performance properties have shown the most demonstrable value. We believe that these materials have potential uses in other structural engineering applications. Over the last two years, in addition to wind energy, we have generated significant growth in sales of our ballistics products from the expanded replacement programs by the U.S. military for body armor used by military personnel. As of the nine months ended September 30, 2004, ballistics sales have increased 80% compared to the same period in 2003. We are also pursuing growth opportunities in other military applications such as ground vehicles, naval vessels and platform armoring. To rise to these opportunities, we are continually improving our existing materials and developing new materials as well as seeking to drive down the end component cost for our customers. Recent developments have included:

- new generation of toughened and self-adhesive prepreg systems;
- HexMC®, a carbon fiber/epoxy sheet moulding compound that enables medium sized composite components to be produced in mass; and
- NC2, a unique mutli-axial reinforcement and binders for use in resin infusion applications.

We believe the breadth and depth of our advanced materials capabilities will serve us well in exploiting the potential of advanced structural materials.

Other Information About Our Business

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. The address of our website is *www.hexcel.com.* The information on our website is not part of this prospectus. For further information about our business, we refer you to our Annual Report on Form 10-K for the year ended December 31, 2003, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004, each of which is incorporated into this prospectus by reference.

The Offering

Securities offered	21,000,000 shares of common stock, par value $0.01 per share.
Over-allotment option granted by the selling stockholders	3,149,998 shares to be provided by the Berkshire/Greenbriar investors (as defined below).
Selling stockholders	All the shares of common stock offered by this prospectus are to be sold by the selling stockholders listed in "Selling Stockholders." We will not offer any shares of common stock in this offering.
Shares of common stock outstanding before this offering	40,381,080 shares.
Shares of common stock outstanding after this offering	50,280,994 shares.
Use of proceeds	We will not receive any proceeds from the sale of the shares of common stock being offered by this prospectus.
NYSE symbol	HXL.
Accelerated charge	We will record an "accelerated charge" immediately upon the conversion of the 14,466 shares of series A convertible preferred stock and 77,875 shares of series B convertible preferred stock into common stock. Assuming the preferred stock conversion took place as of September 30, 2004, the accelerated charge would be $11.2 million. See the notes to the accompanying unaudited pro forma financial information.

Risk Factors

Investing in our common stock involves substantial risk. See "Risk Factors" for a description of certain of the risks you should consider before investing in our common stock.

Selling Stockholders

Investment entities controlled by The Goldman Sachs Group, Inc., which we refer to in this prospectus as the "Goldman Sachs investors," hold capital stock representing approximately 37.0% of Hexcel's total voting power as of November 22, 2004. Affiliates of Berkshire Partners LLC and Greenbriar Equity Group LLC, which we refer to in this prospectus collectively as the "Berkshire/Greenbriar investors," hold preferred stock representing approximately 34.4% of Hexcel's total voting power as of November 22, 2004. The selling stockholders offering shares of common stock pursuant to this prospectus are the Goldman Sachs investors listed in the table under "Selling Stockholders" and the Berkshire/Greenbriar investors listed in the table under "Selling Stockholders." See "Selling Stockholders" for a description of each of the selling stockholders and "Certain Relationships and Related Transactions" for a discussion of our relationships with the Goldman Sachs investors and the Berkshire/Greenbriar investors. Immediately following the sale of the shares by the selling stockholders as contemplated by this prospectus, the Goldman Sachs investors will hold common stock and preferred stock representing 24.7% of the Company's total voting power and the Berkshire/Greenbriar investors will hold preferred stock representing 23.4% of the Company's total voting power, in each case assuming that the underwriters do not exercise their over-allotment option.

Summary Financial Data

The following table presents summary financial and other data with respect to the Company and has been derived from (1) the audited consolidated financial statements of the Company as of and for the three years ended December 31, 2003, (2) the unaudited condensed consolidated financial statements of the Company as of and for the nine months ended September 30, 2004 and 2003 and (3) the unaudited pro forma financial statements. The information set forth below should be read together with other information contained under the captions "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements, unaudited pro forma financial information and the related notes thereto included or incorporated in this prospectus. Certain prior period gains on sales of assets have been reclassified to other (income) expense, net to conform to the 2004 presentation.

	Year Ended			Nine Months Ended		Nine Months Ended September 30, 2004 vs. Nine Months Ended September 30, 2003
	December 31, 2001	December 31, 2002	December 31, 2003	September 30, 2003	September 30, 2004	% Change
	(In millions, except per share data)					
Statements of Operations Data:						
Net sales	$ 1,009.4	$ 850.8	$ 896.9	$ 675.5	$ 798.1	18.1%
Cost of sales	818.6	689.5	722.4	542.3	627.1	
Gross margin	190.8	161.3	174.5	133.2	171.0	28.4
Operating expenses:						
Selling, general and administrative	120.9	85.9	95.0	70.5	82.6	
Research and technology	18.6	14.7	17.7	13.2	15.2	
Business consolidation and restructuring	58.4	0.5	4.0	2.4	2.0	
Impairment of goodwill and other purchased intangibles	309.1					
Other (income) expense, net(a)			(2.2)	(2.2)	3.0	
Operating income (loss)	(316.2)	60.2	60.0	49.3	68.2	38.3
Interest expense, net	64.8	62.8	53.6	41.1	36.3	
Non-operating (income) expense, net(b)	2.7	(10.3)	2.6	2.6	0.6	
Income (loss) before income taxes	(383.7)	7.7	3.8	5.6	31.3	458.9
Provision for income taxes	40.5	11.3	13.5	5.9	10.9	
Income (loss) before equity in earnings (losses)	(424.2)	(3.6)	(9.7)	(0.3)	20.4	
Equity in earnings (losses) of and write-downs of an investment in affiliated companies	(9.5)	(10.0)	(1.4)	(1.1)	0.8	
Net income (loss)	(433.7)	(13.6)	(11.1)	(1.4)	21.2	
Deemed preferred dividends and accretion			(9.6)	(6.6)	(9.4)	
	$ (433.7)	$ (13.6)	$ (20.7)	$ (8.0)	$ 11.8	

						Nine Months Ended September 30, 2004 vs. Nine Months Ended September 30, 2003 % Change
Net income (loss) available to common stockholders						
Net income (loss) per common share:						
Basic	$	(11.54) $	(0.35) $	(0.54) $	(0.21) $	0.30
Diluted	$	(11.54) $	(0.35) $	(0.54) $	(0.21) $	0.23
Weighted average common shares outstanding:						
Basic		37.6	38.4	38.6	38.6	39.2
Diluted		37.6	38.4	38.6	38.6	91.5

12

	Year Ended			Nine Months Ended	
	December 31, 2001	December 31, 2002	December 31, 2003	September 30, 2003	September 30, 2004
	(In millions, except per share data)				
Balance Sheet Data (end of period):					
Cash and cash equivalents	$ 11.6	$ 8.2	$ 41.7	$ 28.9	$ 51.5
Property, plant and equipment, net	329.2	309.4	293.9	291.9	272.0
Working capital	83.7	(530.8)	140.7	132.0	160.4
Total assets	789.4	708.1	722.7	715.8	750.6
Total debt	685.9	621.7	483.4	487.3	457.4
Mandatorily redeemable convertible preferred stock, 0.125 shares of Series A and 0.125 shares of Series B, authorized, issued and outstanding			106.0	103.0	115.4
Stockholders' equity (deficit)	(132.6)	(127.4)	(93.4)	(95.4)	(83.1)
Pro Forma, as Adjusted(c):					
Net income (loss) available to common stockholders			$ (18.9)		$ 13.6
Net income (loss) per common share:					
Basic			$ (0.41)		$ 0.28
Diluted			$ (0.41)		$ 0.23
Weighted average common shares outstanding:					
Basic			46.4		49.1
Diluted			46.4		91.5
Other Financial Data:					
Depreciation and amortization	$ 67.2	$ 51.2	$ 55.7	$ 40.3	$ 41.5
Capital expenditures	38.8	14.9	21.6	12.5	20.3
Cash flows provided by operations	35.0	65.9	46.9	27.2	45.5
Cash flows provided by (used for) investing	(38.3)	(2.3)	9.1	17.2	(12.3)
Cash flows provided by (used for) financing	8.6	(67.3)	(26.9)	(23.2)	(23.7)

(a)

Other (income) expense, net consists of the following:

	Year Ended			Nine Months Ended	
	December 31, 2001	December 31, 2002	December 31, 2003	September 30, 2003	September 30, 2004
	(In millions)				
Gain on asset sales	$	$	$ (2.2)	$ (2.2)	$ (4.0)
Accrual for certain legal matters					7.0
Total	$	$	$ (2.2)	$ (2.2)	$ 3.0

(b)

Non-operating (income) expense, net consists of the following:

	Year Ended			Nine Months Ended	
	December 31, 2001	**December 31, 2002**	**December 31, 2003**	**September 30, 2003**	**September 30, 2004**
			(In millions)		
(Gain) loss on the early retirement of debt	$ 2.7	$ (0.5)	$ 4.0	$ 4.0	$ 1.6
Gain on expiration of contingent liability			(1.4)	(1.4)	
Gain on demutualization of insurance company					(1.0)
Litigation gain		(9.8)			
Total	$ 2.7	$ (10.3)	$ 2.6	$ 2.6	$ 0.6

(c)

The unaudited pro forma statements of operations have been prepared to illustrate the effect of the conversion of 14,466 shares of Series A and 77,875 shares of Series B mandatorily redeemable convertible preferred stock in connection with this offering into 9,899,914 shares of the Company's common stock. Assuming the above preferred stock conversion took place as of March 19, 2003 (the earliest possible conversion date in 2003), the Company would have recorded an additional deemed preferred dividends and accretion charge within its Statement of Operations of $13.9 million for the year ended December 31, 2003. The accelerated charge has not been reflected in the pro forma statement of operations. In addition, the Company expects to incur transaction costs of $1.1 million in connection with this offering, which have not been reflected in the pro forma statements of operations. See "Unaudited Pro Forma Financial Information" included elsewhere in this prospectus.

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.

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 an upturn of demand in the commercial aerospace, wind energy, electronics and ballistics industries. However, a downturn in these industries could occur at any time, and in the event of a downturn, we have no way of knowing if, when and to what extent there might be a recovery. Any deterioration in these industries could adversely affect our financial performance and operating results.

While Boeing and Airbus have indicated that they will increase their production and deliveries of commercial aircraft in 2005, the demand for new commercial aircraft is cyclical and any reduction could result in reduced net sales for our commercial aerospace products and could reduce our profit margins. Approximately 43% of our net sales for the year ended December 31, 2003 and 43% of our net sales for the nine months ended September 30, 2004 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, the rise in the cost of aviation fuel, consolidation and liquidation of airlines and slower macroeconomic growth.

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.

A significant decline in business with Boeing, EADS or other significant customers could materially impair our business, operating results, prospects and financial condition.

Approximately 23% and 24% of our net sales for the years ended December 31, 2003 and December 31, 2002, respectively, were made to Boeing and its related subcontractors. Approximately 19% and 16% of our net sales for the years ended December 31, 2003 and December 31, 2002, respectively, were made to EADS, including Airbus and related subcontractors. Accordingly, the loss of, or significant reduction in purchases by, either of these customers or other significant customers 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.

The growth in military aircraft production that has occurred in recent years may not be sustained, production may not continue to grow and the increased demand for replacement helicopter blades as a result of the military activities in Afghanistan and Iraq may not be sustained. The production of military aircraft depends upon U.S. and European defense budgets and the related demand for defense and related equipment. These defense budgets may decline, and sales of defense and related equipment to foreign governments may not continue at expected levels. Approximately 20% of our net sales for the year ended December 31, 2003 and 18% of our net sales for the nine months ended September 30, 2004 were derived from space and defense industries. The space and defense industries are 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 restrictions on the supply or the increase in the cost of the our raw materials could significantly reduce our profit margins. Restrictions on the supply or increase in price of our raw materials may not be able to be mitigated by long term purchase agreements, productivity improvements or by passing cost increases to our customers. Our profitability depends largely on the price and continuity of supply of these raw materials, which are supplied by a limited number of sources. With increased demand for carbon fiber and constrained supply, we are making capital expenditures to increase output from our own manufacturing capacity, and we are evaluating whether we will need to invest in new carbon fiber manufacturing capacity. 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:

- the difficulty of enforcing agreements and collecting receivables through some foreign legal systems;
- foreign customers may have longer payment cycles than customers in the U.S.;
- compliance with U.S. Department of Commerce export controls;
- 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;
- 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;
- 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
- 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.

In addition, fluctuations in currency exchange rates may influence the profitability and cash flows of our business. For example, our European operations sell some of the products they produce in U.S. dollars, yet the labor and overhead costs incurred in the manufacture of those products is denominated in Euros or British Pound Sterling. As a result, the local currency margins of goods manufactured with costs denominated in local currency, yet sold in U.S. dollars, will vary with fluctuations in currency exchange rates. In addition, the reported U.S. dollar value of the local currency financial statements of our foreign subsidiaries will vary with fluctuations in currency exchange rates. While we enter into currency exchange rate hedges from time to time to mitigate these types of fluctuations, we cannot remove all fluctuations or hedge all exposures and our earnings are impacted by changes in currency exchange rates.

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, require the handling, use, storage and disposal of certain regulated materials and wastes. 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 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 a "potentially responsible party" 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. 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 connection with our Lodi, New Jersey facility, we, along with the approximately 60 other companies, have been directed by state and federal regulatory authorities to contribute to the assessment and restoration of a stretch of the Passaic River, a project currently estimated to cost $1 billion. Although we are vigorously contesting our involvement with this project on scientific and legal grounds, we may ultimately be required to assume a share of the liability. We have also incurred and likely will continue to incur expenses to investigate and clean up several existing and former company-owned or leased properties. We have incurred substantial expenses for our work at these sites over a number of years, and these costs, for which we believe we have adequate reserves, will continue for the foreseeable future. The ongoing operation of our manufacturing plants also entails environmental risks and there can be no assurance that we will not incur material costs or liabilities in the future which could adversely affect us.

In addition, 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.

Although most of our properties have been the subject of Environmental Site Assessments, 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. See the section entitled "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2003, which is incorporated herein by reference.

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

The Berkshire/Greenbriar investors and the Goldman Sachs investors 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. As of November 22, 2004, the Goldman Sachs investors owned approximately 37.0% of our outstanding voting securities and the Berkshire/Greenbriar investors owned approximately 34.4% 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 with the Berkshire/Greenbriar investors, the Berkshire/Greenbriar investors are entitled to designate up to two people to serve on our Board of Directors, and are 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 provides 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. See "Certain Relationships and Related Transactions" for a more detailed description of the governance agreement and the stockholders agreement.

We have substantial debt that could limit our ability to satisfy our debt obligations 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. 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. As of September 30, 2004, we had $457.4 million of total debt, or $405.9 million of total debt net of cash on hand. This substantial level of debt has important consequences, including:

- placing us at competitive disadvantage compared to our competitors that have less financial leverage;
- 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;
- limiting our ability to use operating cash flow for working capital, capital expenditures, debt service requirements and other areas of our business;
- increasing our vulnerability to general adverse economic and industry conditions; and
- limiting our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation.

In addition, the operating and financial restrictions and covenants that are contained in our existing debt agreements may impair our ability to finance future operations or capital needs. In addition, our senior credit facility requires that we maintain compliance with specified financial ratios. A breach of any of these restrictions or covenants could cause a default with respect to our debt. A significant portion of our debt may then become immediately due and payable.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed. We devote significant attention to establishing and maintaining effective internal controls. We are in the process of documenting, reviewing and, if appropriate, improving our internal controls and procedures in connection with Section 404 of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors addressing these assessments. Both we and our independent auditors will be testing our internal controls in connection with the Section 404 requirements and could, as part of that documentation and testing, identify areas for further attention or improvement. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors, officers and employees, entail substantial costs in order to modify our existing accounting systems, and take a significant period of time to complete. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial reporting processes and related Section 404 reporting requirements. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Any such failure could also adversely affect our assessment of the effectiveness of our "internal control over financial reporting" that will be required when the Section 404 requirements become applicable to us beginning with the filing of our Annual Report on Form 10-K for the year ending December 31, 2004. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the market price of our stock.

Our stock price may be volatile, and you may not be able to resell shares of our common stock at or above the price you paid.

The trading prices of our common stock could be subject to significant fluctuations in response to, among other factors, variations in operating results, developments in the industries in which we do business, general economic conditions and changes in securities analysts' recommendations regarding our securities. Such volatility may adversely affect the market price of the common stock.

This offering will result in a substantial amount of previously unregistered shares of our common stock being registered, which may depress the market price of our common stock.

As of November 22, 2004, the number of outstanding shares of our common stock freely tradable on the New York Stock Exchange and not owned by the selling stockholders was approximately 25,856,080. After giving effect to this offering, this figure will increase to 46,856,080 (or 50,006,078 if the underwriters' over-allotment option is exercised). The sale of the shares of common stock in this offering could depress the market price of our common stock.

Future sales of our common stock in the public market could lower our stock price.

Sales of a substantial number of shares of common stock in the public market by our current stockholders, or the threat that substantial sales may occur, could cause the market price of our common stock to decrease significantly or make it difficult for us to raise additional capital by selling stock. See the section of this prospectus entitled "Shares Eligible for Future Sale" for details regarding the number of shares eligible for sale in the public market after this offering. Several of our existing stockholders, owning 43,342,407 shares of our common stock (including common stock into which such stockholders' preferred stock is convertible) after giving effect to this offering, are parties to registration rights agreements with us. Under those agreements, certain of these stockholders will have the right to require us to effect the registration of their shares of common stock, including shares obtained upon conversion of their preferred stock. We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of common stock by the selling stockholders in this offering. The selling stockholders will receive all of the net proceeds from this offering.

PRICE RANGE OF OUR COMMON STOCK

Our common stock is listed for trading on the New York Stock Exchange and the Pacific Exchange under the symbol "HXL." The following table sets forth the quarterly high and low closing prices of our common stock on the New York Stock Exchange for the periods indicated:

	High	Low
Year Ended December 31, 2004		
First Quarter	$ 8.68	$ 7.08
Second Quarter	$ 11.89	$ 6.81
Third Quarter	$ 14.06	$ 10.60
Fourth Quarter (through November 23, 2004)	$ 17.75	$ 14.07
Year Ended December 31, 2003		
First Quarter	$ 3.25	$ 2.60
Second Quarter	$ 4.41	$ 2.95
Third Quarter	$ 6.71	$ 3.75
Fourth Quarter	$ 7.60	$ 5.94
Year Ended December 31, 2002		
First Quarter	$ 4.78	$ 2.18
Second Quarter	$ 5.15	$ 3.74
Third Quarter	$ 4.23	$ 2.48
Fourth Quarter	$ 3.10	$ 1.33

On November 23, 2004, the closing sale price of our common stock as reported on the New York Stock Exchange was $16.61 per share.

DIVIDEND POLICY

We have not paid any cash dividends on our common stock since October 27, 1992. We presently intend to retain any earnings for use in our business and do not anticipate paying cash dividends in the foreseeable future. In addition, certain of our debt agreements prohibit us from paying cash dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2004 on an actual and pro forma basis. The pro forma capitalization has been prepared to illustrate the conversion of 14,466 shares of Series A and 77,875 shares of Series B mandatorily redeemable convertible preferred stock in connection with this offering into 9,899,914 shares of the Company's common stock as if the conversion had occurred as of September 30, 2004. Pro forma cash and cash equivalents are presented to reflect expected transaction costs to be paid in cash. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements, unaudited pro forma financial information and related notes and other financial information included elsewhere in this prospectus.

	As of September 30, 2004		
	Actual	Adjustments	Pro Forma
		(In millions)	
Cash and cash equivalents	$ 51.5	$ (1.1)	$ 50.4
Senior debt:			
Senior secured credit facility due 2008	$	$	$
European credit and over draft facilities	1.7		1.7
9.875% Senior Secured Notes due 2008(a)	124.1		124.1
Capital lease obligations	3.9		3.9
Total senior debt	129.7		129.7
Other debt:			
9.75% Senior Subordinated Notes due 2009(b)	306.7		306.7
7% Convertible Subordinated Debentures due 2011	21.0		21.0
Total other debt	327.7		327.7
Total debt	457.4		457.4
Mandatorily Redeemable Convertible Preferred Stock	115.4	(19.4)	96.0
Stockholders' equity (deficit):			
Preferred stock, no par value, 20,000,000 shares authorized, no shares issued and outstanding			
Common stock, $0.01 par value, 200,000,000 shares authorized, 41,025,978 shares issued	0.4	0.1	0.5
Additional paid-in capital	299.9	19.3	319.2
Accumulated deficit	(371.4)	(1.1)	(372.5)
Accumulated other comprehensive income	2.0		2.0
	(69.1)	18.3	(50.8)
Less: Treasury stock, at cost, 1,370,006 shares	(14.0)		(14.0)
Total stockholders' equity (deficit)	(83.1)	18.3	(64.8)

	As of September 30, 2004		
Total capitalization	$ 489.7	$ (1.1)	$ 488.6

(a) Net of unamortized discount of $0.9 million as of September 30, 2004.

(b) Net of unamortized discount of $0.7 million as of September 30, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Nine Months Ended September 30, 2004 Compared to Nine Months Ended September 30, 2003

(In millions, except per share data)	Nine Months Ended September 30, Unaudited 2004	2003
Net sales	**$ 798.1**	$ 675.5
Gross margin %	**21.4%**	19.7%
Operating income	**$ 68.2**	$ 49.3
Operating income %	**8.5%**	7.3%
Non-operating expense, net	**$ 0.6**	$ 2.6
Provision for income taxes	**$ 10.9**	$ 5.9
Equity in earnings (losses) of affiliated companies	**$ 0.8**	$ (1.1)
Net income (loss)	**$ 21.2**	$ (1.4)
Deemed preferred dividends and accretion	**$ (9.4)**	$ (6.6)
Net income (loss) available to common shareholders	**$ 11.8**	$ (8.0)
Diluted net income (loss) per common share	**$ 0.23**	$ (0.21)

Net Sales: Net sales for the first nine months of 2004 were $798.1 million, an increase of $122.6 million, or 18.1%, when compared to the first nine months of 2003 net sales of $675.5 million. The increase came from growth in the Company's revenues from all four of its major market segments along with a favorable impact from changes in foreign currency exchange rates. Had the same U.S. dollar, British Pound Sterling and Euro exchange rates applied in the first nine months of 2004 as in the first nine months of 2003, net sales for the first nine months of 2004 would have been $776.4 million, $100.9 million, or 14.9%, higher than the first nine months of 2003.

The following table summarizes net sales to third-party customers by product group and market segment for the nine months ended September 30, 2004 and 2003, respectively:

(In millions)	Unaudited Commercial Aerospace	Industrial	Space & Defense	Electronics	Total
First Nine Months 2004					
Reinforcements	**$ 47.7**	**$ 147.8**	**$**	**$ 47.9**	**$ 243.4**
Composites	**248.9**	**118.0**	**135.1**		**502.0**
Structures	**45.0**		**7.7**		**52.7**
Total	**$ 341.6**	**$ 265.8**	**$ 142.8**	**$ 47.9**	**$ 798.1**
	43%	**33%**	**18%**	**6%**	**100%**

(In millions)	Unaudited Commercial Aerospace	Industrial	Space & Defense	Electronics	Total
First Nine Months 2003					
Reinforcements	$ 38.6	$ 93.7	$	$ 40.4	$ 172.7
Composites	209.6	108.4	123.2		441.2
Structures	50.7		10.9		61.6
Total	$ 298.9	$ 202.1	$ 134.1	$ 40.4	$ 675.5
	44%	30%	20%	6%	100%

Commercial Aerospace: Net sales increased $42.7 million, or 14.3%, to $341.6 million for the first nine months of 2004 as compared to net sales of $298.9 million for the first nine months of 2003. After adjusting for favorable exchange rates, net sales to the commercial aerospace market increased $35.9 million, or 12.0%, to $334.8 million. In the last few months, the Company has seen the benefit of the planned increases in the number of aircraft that Boeing and Airbus will manufacture and deliver in 2005 compared to 2004, as the Company delivers its products four to six months ahead of when its customers deliver their aircraft. The Company has also benefited from the favorable mix of aircraft being manufactured by its customers that utilize more composite materials and the ramp up of production related to the new Airbus A380 program.

Industrial: Net sales of $265.8 million for the first nine months of 2004 increased by $63.7 million, or 31.5%, compared to net sales of $202.1 million in the first nine months of 2003. While the strength of the British Pound Sterling and Euro inflated the value of sales of certain products by $9.6 million, net sales to the industrial market segments still increased $54.1 million year-on-year on strong growth in reinforcement fabrics used in military body armor applications. Sales of composite materials to recreational and wind energy applications also increased year-on-year. Revenues from products used in other non-aerospace applications, including architectural and automotive, showed mixed results.

Space & Defense: Net sales to the space and defense market segment continued to display the benefits of increasing military aircraft production with an $8.7 million, or 6.5%, year-over-year increase to $142.8 million for the first nine months of 2004. On a constant foreign currency basis, net sales to this market increased $4.6 million, or 3.4%, year-on-year to $138.7 million. The year-on-year growth was led by increased production of the F-22 Raptor, and higher demand for many U.S. and European helicopter and helicopter blade replacement programs, despite the cancellation of the Comanche helicopter program during the first quarter of 2004. Sales to the Comanche program were $4.4 million and $9.3 million in the first nine months of 2004 and 2003, respectively, and $14.1 million for the full year of 2003. The Company provides materials to a wide range of military programs. Over time, the revenues the Company obtains from these programs tend to vary quarter by quarter based on customer ordering patterns and the timing and extent of program funding.

Electronics: Net sales of $47.9 million for the first nine months of 2004 increased by $7.5 million, or 18.6%, compared to net sales of $40.4 million for the same period last year. If adjusted for the favorable impact of exchange rates, revenues to this market segment would have been $46.7 million in the first nine months of 2004. The Company's focus on advanced technology materials and specialty applications, together with some recovery in industry demand, continues to contribute to enhanced performance in this market segment.

Gross Margin: Gross margin for the first nine months of 2004 was $171.0 million, or 21.4% of net sales, compared to gross margin of $133.2 million, or 19.7% of net sales, for the same period in 2003. The $37.8 million year-on-year improvement in gross margin reflects the impact of the contribution from higher net sales and the continuing benefits obtained from the Company's cost reduction programs implemented over the past several years. Depreciation was $38.9 million and $37.7 million for the nine months ended September 30, 2004 and 2003, respectively. The increase in depreciation primarily reflects changes in foreign currency exchange rates, higher capital expenditure rates, and accelerated depreciation associated with certain of the Company's business consolidation and restructuring actions.

Selling, General and Administrative ("SG&A") Expenses: SG&A expenses were $82.6 million, or 10.3% of net sales, for the first nine months of 2004 compared with $70.5 million, or 10.4% of net sales, for the first nine months of 2003. The increase in SG&A expenses reflects, among other factors, a $2.3 million provision against accounts receivable from Second Chance Body Armor following their Chapter 11 filing on October 17, 2004, higher professional fees, incentive compensation and the impact of higher foreign currency exchange rates. As the U.S. dollar has weakened against the British Pound Sterling and Euro since September 30, 2003, SG&A expenses were approximately $2.6 million higher in the first nine months of 2004.

Research and Technology ("R&T") Expenses: R&T expenses for the first nine months of 2004 were $15.2 million compared with $13.2 million for the first nine months of 2003. R&T expenses were 1.9% of net sales for the third quarter of 2004 and 2.0% of net sales for the third quarter of 2003. The $2.0 million, or 15.2%, year-over-year increase in R&T expenses reflects the Company's increased spending in support of new products and new commercial aircraft qualification activities, and the impact of changes in foreign currency exchange rates.

Other (Income) Expense, Net: Other expense, net was $3.0 million for the first nine months of 2004. During the first nine months of 2004, the Company recorded an accrual of $7.0 million in connection with a stipulation of settlement for the same amount, signed with the plaintiffs on September 30, 2004, in the ongoing carbon fiber federal class action case. In addition, during the first nine months of 2004 the Company sold surplus land at one of its U.S. manufacturing facilities for net cash proceeds of $6.5 million and recognized a net $4.0 million gain on the sale.

For the first nine months of 2003, the Company recognized other income of $2.2 million. During the second and third quarters of 2003, the Company sold certain assets of its Structures business segment for net cash proceeds of $3.0 million and $2.7 million, respectively, recognizing a net gain of $1.8 million in the second quarter of 2003 and a net gain of $0.4 million in the third quarter of 2003. Refer to Note 7 to the accompanying condensed consolidated financial statements.

Operating Income: Operating income for the first nine months of 2004 was $68.2 million, or 8.5% of net sales, compared with operating income of $49.3 million, or 7.3% of net sales, for the same period in 2003. The increase in operating income was driven by increased net sales and a higher gross margin, which was partially offset by higher SG&A and R&T expenses as well as Other Expense. Business consolidation and restructuring expenses were $2.0 million in the first nine months of 2004, compared to $2.4 million in the first nine months of 2003.

Interest Expense: Interest expense for the first nine months of 2004 was $36.3 million compared to $41.1 million for the first nine months of 2003. The $4.8 million year-on-year decrease in interest expense primarily reflects the substantial reduction in total debt during the 2003 calendar year, along with further reductions in the first half of 2004, and a $1.6 million reduction in interest expense resulting from an interest rate swap agreement entered into during the fourth quarter of 2003.

Non-Operating (Income) Expense, Net: Non-operating expense, net was $0.6 million for the first nine months of 2004, as the Company recognized a $1.6 million loss on the early retirement of debt. The loss was partially offset by a $1.0 million gain attributable to the sale of securities obtained through a de-mutualization of an insurance company.

For the first nine months of 2003, the Company recognized non-operating expense, net of $2.6 million. In connection with its refinancing of its capital structure in the first quarter of 2003, the Company incurred a $4.0 million loss on the early retirement of debt due to the write-off of unamortized deferred financing costs relating to the former senior credit facility and the 7% convertible subordinated notes due 2003. This loss was partially offset by a $1.4 million gain attributable to a prior business sale, which occurred in April 2000. Pursuant to the sale agreement, Hexcel retained a contingent obligation for certain customer warranty claims, which expired in the second quarter of 2003. As a result, the Company reversed the $1.4 million contingent liability established at the time of the sale. Refer to Note 8 to the accompanying condensed consolidated financial statements.

Provision for Income Taxes: The provisions for income taxes of $10.9 million and $5.9 million for the first nine months of 2004 and 2003, respectively, were primarily for taxes on European income. The Company will continue to adjust its tax provision rate through the establishment, or release, of a non-cash valuation allowance attributable to currently generated U.S. and Belgian net operating income (losses) until such time as the U.S. and Belgian operations, respectively, generate sufficient taxable income to utilize the net operating losses in full. Refer to Note 12 to the accompanying condensed consolidated financial statements.

Equity in Earnings (Losses) of Affiliated Companies: Equity in earnings of affiliated companies for the first nine months of 2004 was $0.8 million, compared to equity in losses of $1.1 million for the first nine months of 2003. The year-over-year improvement resulted from higher equity in earnings reported by the Reinforcements business segment's joint venture and lower equity in losses associated with the Structures business segment's joint ventures in China and Malaysia. Equity in earnings (losses) of affiliated companies does not affect the Company's cash flows. Refer to Note 13 to the accompanying condensed consolidated financial statements.

Deemed Preferred Dividends and Accretion: For the first nine months of 2004 and 2003, the Company recognized deemed preferred dividends and accretion of $9.4 million and $6.6 million, respectively. The recording of deemed preferred dividends and accretion began March 19, 2003; the date the Company completed the refinancing of its capital structure. Until such time as the mandatorily redeemable convertible preferred stock is converted to Hexcel common stock or redeemed, certain deductions for accrued dividends, discount, beneficial conversion feature, and deferred issuance costs will represent a reduction of net income (loss) in arriving at net income (loss) available to common shareholders. The accretion of these deductions is a non-cash expense at the time of recognition.

2003 Compared to 2002

	Year Ended December 31,		
(In millions, except per share data)	**2003**	**2002**	**2001**
Net sales	**$ 896.9**	$ 850.8	$ 1,009.4
Gross margin %	**19.5%**	19.0%	18.9%
Operating income (loss)	**$ 57.8**	$ 60.2	$ (316.2)
Operating income (loss) %	**6.4%**	7.1%	(31.3)%
Other income (expense), net	**$ (0.4)**	$ 10.3	$ (2.7)
Provision for income taxes (a)	**$ 13.5**	$ 11.3	$ 40.5
Equity in losses of and write-downs of an investment in affiliated companies	**$ (1.4)**	$ (10.0)	$ (9.5)
Net loss	**$ (11.1)**	$ (13.6)	$ (433.7)
Deemed preferred dividends and accretion	**$ (9.6)**	$	$
Net loss available to common shareholders	**$ (20.7)**	$ (13.6)	$ (433.7)
Diluted net loss per common share	**$ (0.54)**	$ (0.35)	$ (11.54)

(a) The Company's tax provision primarily reflects taxes on foreign income. Included in the 2003 year-end results is the impact of recognizing a non-cash valuation allowance on a Belgian deferred tax asset of $4.7 million. The Company will continue to adjust its tax provision rate through the establishment, or release, of a non-cash valuation allowance attributable to currently generated U.S. and Belgian net operating income (losses) until such time as the U.S. and Belgian operations, respectively, generate income in future years to utilize the net operating losses in full.

Net Sales: Consolidated net sales of $896.9 million for 2003 were $46.1 million, or 5.4%, higher than the $850.8 million of net sales for 2002, primarily through growth in space and defense markets and a favorable impact of changes in foreign currency exchange rates. Space and defense revenues increased $31.8 million, or 21.6%, year-on-year, reflecting higher military aircraft production and non-recurring revenues associated with an aircraft in development and tooling. Approximately $6.8 million of the increase to these markets was due to foreign currency exchange rates. Since the end of 2002, the Euro and the British pound sterling have strengthened against the U.S. dollar increasing the dollar value of sales made in euros and pounds. Had the same U.S. dollar, British pound sterling and Euro exchange rates applied in 2003 as in 2002, consolidated net sales for 2003 would have been $6.5 million higher than the 2002 net sales of $850.8 million at $857.3 million.

The following table summarizes net sales to third-party customers by segment and end market in 2003 and 2002:

	Unaudited				
(In millions)	Commercial Aerospace	Industrial	Space & Defense	Electronics	Total
2003 Net Sales					
Reinforcements	$ 51.1	$ 128.9	$	$ 52.8	$ 232.8
Composites	273.6	146.0	165.2		584.8
Structures	65.2		14.1		79.3
Total	$ 389.9	$ 274.9	$ 179.3	$ 52.8	$ 896.9
	43%	31%	20%	6%	100%
2002 Net Sales					
Reinforcements	$ 49.0	$ 110.6	$	$ 58.3	$ 217.9
Composites	256.6	143.3	132.5		532.4
Structures	85.5		15.0		100.5