

MUHLEISEN ANGIE
Form 4
February 16, 2012

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MUHLEISEN ANGIE

2. Issuer Name and Ticker or Trading Symbol
NELNET INC [NNI]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
C/O FARMERS & MERCHANTS INVESTMENT INC., 6801 SOUTH 27TH STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/15/2012

____ Director
____ Officer (give title below)
 10% Owner
____ Other (specify below)

LINCOLN, NE 68512

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
				(A) or (D)	Price				
				Code	V	Amount			
Class A common stock	02/15/2012		S(1)(2)	5,000	D	\$ 25.6372 (3)	540,245	I	By adult daughter
Class A common stock	02/15/2012		S(2)(4)	5,000	D	\$ 25.6372 (3)	540,245	I	By adult son
Class A common stock							2,722,380 (5)	D	
Class A							411,110 (6)	I	By GRAT

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common stock

Class A common stock 411,110 ⁽⁷⁾ I By GRAT

Class A common stock 1,049,890 I By spouse

Class A common stock 404,500 ⁽⁸⁾ I By corporation

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

MUHLEISEN ANGIE
C/O FARMERS & MERCHANTS INVESTMENT INC.
6801 SOUTH 27TH STREET
LINCOLN, NE 68512

X

Signatures

/s/ Angie R. Miller, Attorney-in-Fact for Angela L. Muhleisen

02/16/2012

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) These shares were sold by Alicia Muhleisen pursuant to a Rule 10b5-1 Sales Plan (the "A.M. Plan") entered into on May 12, 2011, which provides for the sale of shares of the issuer's Class A Common Stock, subject to limit price provisions and an expiration date of August 13, 2012. To the extent any future sales occur pursuant to the A.M. Plan, such sales will be publicly disclosed in Form 4 filings with the Securities and Exchange Commission (the "SEC").
 - (2) Rule 10b5-1, promulgated under the Securities Exchange Act of 1934, allows significant shareholders of a company who are not in possession of material non-public information to establish pre-arranged plans to buy or sell a specified number of shares of such company's stock. Once a plan is established, the shareholder does not retain or exercise any discretion over sales of stock under the plan and the pre-planned trades may be executed at later dates as set forth in the plan.
 - (3) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$25.31 to \$25.83 inclusive. The reporting person undertakes to provide to the issuer, any security holder of the issuer, or the staff of the SEC, upon request, full information regarding the number of shares sold at each separate price within such range.
 - (4) These shares were sold by Jason Muhleisen pursuant to a Rule 10b5-1 Sales Plan (the "J.M. Plan") entered into on May 12, 2011, which provides for the sale of shares of the issuer's Class A Common Stock, subject to limit price provisions and an expiration date of August 13, 2012. To the extent any future sales occur pursuant to the J.M. Plan, such sales will be publicly disclosed in Form 4 filings with the SEC.
 - (5) These shares include 88,864 shares that the reporting person holds jointly with her spouse.
 - (6) Shares held by the Angela L. Muhleisen Grantor Retained Annuity Trust dated August 29, 2003. The reporting person continues to report beneficial ownership of all the shares held by the trust, but disclaims beneficial ownership of the shares held by the trust except to the extent of her pecuniary interests therein.
 - (7) Shares held by the Dan D. Muhleisen Grantor Retained Annuity Trust dated August 29, 2003. The reporting person continues to report beneficial ownership of all the shares held by the trust, but disclaims beneficial ownership of the shares held by the trust except to the extent of her pecuniary interests therein.
 - (8) Shares held by Farmers & Merchants Investment Inc. ("F&M"), of which the reporting person is a director and co-president and owns or controls approximately 38.6% of the outstanding capital stock. The reporting person continues to report beneficial ownership of all the shares held by F&M, but disclaims beneficial ownership of the shares held by F&M except to the extent of her pecuniary interests therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. E=" 1 ">

Alternatively, a conversion rate adjustment could be viewed as not resulting in a deemed distribution to the holders of the notes, in which case, any additional cash or shares of our common stock received by a U.S. Holder upon conversion of the notes as a result of such an adjustment would be taken into account as a contingent payment under the CPDI regulations.

Backup Withholding Tax and Information Reporting

Payments of principal, premium, if any, and interest (including original issue discount) on, and the proceeds of dispositions of, the notes may be subject to information reporting and U.S. federal backup withholding tax if the U.S. Holder thereof fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements. Any amounts so withheld will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability.

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Non-U.S. Holders

The following is a summary of certain U.S. federal tax consequences that will apply to you if you are a Non-U.S. Holder.

Non-U.S. Holders should consult their own independent tax advisors to determine the U.S. federal, state, local and foreign tax consequences that may be relevant to them.

Payments with Respect to the Notes

All payments on the notes made to a Non-U.S. Holder, including payments of stated interest, contingent interest (except as described below), payments in common stock and cash pursuant to conversion, and any gain realized on a sale or exchange of the notes will generally be exempt from U.S. income or withholding tax, provided that:

such Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership;

the beneficial owner of a note certifies on IRS Form W-8BEN (or successor form), under penalties of perjury, that it is not a U.S. person and provides its name and address or otherwise satisfies applicable documentation requirements;

such payments and gain are not effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (or, where a tax treaty applies, are not attributable to a U.S. permanent establishment); and

the common stock (and perhaps the notes) are actively traded within the meaning of section 871(h)(4)(C)(v)(1) of the Code (which, for these purposes and subject to certain exceptions, includes trading on NYSE).

Notwithstanding the preceding sentence, a portion of the payment in our common stock pursuant to a conversion may be subject to U.S. federal withholding tax at a 30% rate (or lower treaty rate) if that portion is attributable to increases in the conversion rate on account of an increase in the dividend rate on the common stock. Such portion may represent payment of contingent interest of the type (i.e., amount determined by reference to dividends) that is not eligible for the portfolio interest exemption which would otherwise apply to interest on the notes. We intend to withhold with respect to any such portion of the common stock or cash. You should consult your independent tax advisors regarding the possibility of obtaining a refund of the withheld amounts. Additionally, any gain realized on a sale, exchange, redemption or conversion of the notes may be subject to U.S. federal income tax (including the branch profits tax) if we are a United States real property holding corporation. We believe that we are not and do not anticipate becoming a United States real property holding corporation.

If a Non-U.S. Holder of the notes is engaged in a trade or business in the United States, and if interest on the notes is effectively connected with the conduct of such trade or business (and where an income tax treaty applies, is attributable to a U.S. permanent establishment), the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, will generally be subject to regular U.S. federal income tax on interest and on any gain realized on the sale, exchange, conversion or redemption of the notes in the same manner as if it were a U.S. Holder. Such Non-U.S. Holder will be required to provide to the withholding agent a properly executed IRS Form W-8ECI (or successor form) in order for the effectively connected income to be exempt from withholding tax. In addition, if such a Non-U.S. Holder is a foreign

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corporation, such holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable tax treaty) or its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

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Payments on Common Stock and Adjustments to Conversion Rate

Any dividends paid to a Non-U.S. Holder with respect to the shares of common stock (and any deemed dividends resulting from certain adjustments, or failure to make adjustments, to the number of shares of common stock to be issued upon conversion, see U.S. Holder Conversion Rate Adjustments above) is subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business within the United States (and where an income tax treaty applies, is attributable to a U.S. permanent establishment), are not subject to the withholding tax, but will generally be subject to regular U.S. federal income tax in the same manner as if it were a U.S. Holder. Such a Non-U.S. Holder is required to provide to the withholding agent a properly executed IRS Form W-8ECI (or successor form) in order for effectively connected income to be exempt from withholding tax. Any interest income at the time of conversion attributable to an adjustment to the conversion rate of the notes may also be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Sale, Exchange or Redemption of Shares of Common Stock

Any gain realized upon the sale, exchange, or redemption of a share of common stock generally is not subject to U.S. federal income tax unless

the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Holder (and where an income tax treaty applies, is attributable to a U.S. permanent establishment), or

the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met.

Backup Withholding Tax and Information Reporting

In general, a Non-U.S. Holder will not be subject to backup withholding and information reporting with respect to payments made by us with respect to the notes if the Non-U.S. Holder has provided us with an IRS Form W-8BEN described above and we do not have actual knowledge or reason to know that such Non-U.S. Holder is a U.S. person. In addition, no backup withholding will be required regarding the proceeds of the sale of notes made within the United States or conducted through certain U.S. financial intermediaries if the payor receives the appropriate Form W-8 and does not have actual knowledge or reason to know that the Non-U.S. Holder is a U.S. person or the Non-U.S. Holder otherwise establishes an exemption.

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We originally issued the notes to the initial purchasers, Banc of America Securities LLC, J.P. Morgan Securities Inc., Jefferies & Company, Inc., BNY Capital Markets, Inc., BB&T Capital Markets, a division of Scott & Stringfellow, Inc., Calyon Securities (USA) Inc. and HSBC Securities (USA) Inc., in a private placement on August 1, 2005. The notes were resold by the initial purchasers in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act. Selling security holders, including their transferees, pledgees, donees or successors, may from time to time offer and sell the notes and the underlying common stock pursuant to this prospectus or any applicable prospectus supplement.

The table below sets forth the name of each selling security holder, the principal amount of notes and number of shares of common stock beneficially owned by each selling security holder, and the number of shares of common stock issuable upon conversion of those notes that may be offered from time to time under this prospectus by the selling security holders named in the table.

Because the selling security holders may offer all or some portion of the notes or underlying shares of common stock listed below, we have assumed for purposes of this table that the selling security holders will sell all of the notes and all of the underlying shares of common stock offered by this prospectus pursuant to this prospectus. See Plan of Distribution. In addition, the selling security holders listed in the table below may have acquired, sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of the notes since the date on which they provided to us the information presented in the table.

We have prepared the table below based on information given to us by those selling security holders who have supplied us with this information prior to the effective date of the registration statement of which this prospectus is a part and we have not sought to verify such information. Based upon information provided to us by the selling security holders, none of the selling security holders nor any of their affiliates, officers, directors or principal equity holders has held any position or office or had any other material relationship with us or our affiliates or predecessors within the past three years.

Name of Beneficial Owner(1)	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering	
					Number of Shares of Common Stock	Percentage of Shares of Common Stock Outstanding(4)
Citadel Equity Fund Ltd(5)	\$ 22,500,000	22.50%		533,315		
Banc of America Securities LLC(6)	9,650,000	9.65%		228,732		
Vicis Capital Master Fund(7)	5,500,000	5.50%		130,365		
	5,360,000	5.36%		127,047		

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Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.(8)						
Zazove Convertible Arbitrage Fund, L.P.(9)	4,000,000	4.00%		94,811		
Lord Abbett Investment Trust LA Convertible Fund(10)	3,755,000	3.76%		89,004		
KBC Financial Products USA Inc.(11)	3,651,000	3.65%		86,539		
BNP Paribas Equity Strategies, SNC(12)	3,165,000	3.17%	147	75,019	147	*

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Name of Beneficial Owner(1)	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering	
					Number of Shares of Common Stock	Percentage of Shares of Common Stock Outstanding(4)
Highbridge International LLC(13)	\$ 3,135,000	3.14%		74,308		
Ellington Overseas Partners, Ltd.(14)	3,000,000	3.00%		71,108		
Wachovia Securities International Ltd.(15)	2,500,000	2.50%		59,257		
Calamos Market Neutral Fund Calamos Investment Trust(16)	2,000,000	2.00%		47,405		
Zazove Hedged Convertible Fund, L.P.(9).	2,000,000	2.00%		47,405		
Basso Holdings Ltd.(17)	1,935,000	1.94%		45,865		
Argent LowLev Convertible Arbitrage Fund (Bermuda) Ltd.(8)	1,640,000	1.64%		38,872		
Silvercreek II Limited(18)	1,592,000	1.59%		37,735		
Institutional Benchmark Series (Master Feeder) Ltd.(9).	1,200,000	1.20%		28,443		
Boilermakers Blacksmith Pension Trust(19)	1,115,000	1.15%		26,428		
Basso Fund Ltd.(17)	1,094,000	1.09%		25,930		
Silvercreek Limited Partnership(18)	1,060,000	1.06%		25,125		
Delaware PERS(19)	1,025,000	1.03%		24,295		
McMahan Securities Co., L.P.(20)	1,000,000	1.00%		23,702		
Quest Investment Management(21)	1,000,000	1.00%		23,702		
Commissioners of the Land Office(10)	970,000	*		22,991		
CooperNeff Convertible Strategies (Cayman) Master Fund, L.P.(12)	955,000	*		22,636		
Fore Convertible Master Fund, LP(22)	940,000	*		22,280		
Basso Multi-Strategy Holdings Fund Ltd.(17)	921,000	*		21,830		
HFR CA Select Fund(9).	800,000	*		18,962		
Argent Classic Convertible Arbitrage Fund L.P.(23).	780,000	*		18,488		
JMG Triton Offshore Fund, Ltd.(24)	600,000	*		14,221		
Intl. Truck & Engine Corp. Non-Contributory Retirement Plan Trust(10)	590,000	*		13,984		

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Name of Beneficial Owner	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering	
					Number of Shares of Common Stock	Percentage of Shares of Common Stock Outstanding(4)
Philadelphia Board of Pensions(10)	\$ 500,000	*		11,851		
Pension, Hospitalization Benefit Plan of the Electrical Ind Plan(10)	450,000	*		10,666		
Intl Truck & Engine Corp. Retirement Plan for Salaried Employee s Trust(10)	430,000	*		10,192		
National Fuel & Gas Company Retirement Plan(10)	425,000	*		10,073		
Sturgeon Limited (12)	415,000	*		9,836		
ICI American Holdings Trust(19)	390,000	*		9,244		
Xavex Convertible Arbitrage 10 Fund (23)	390,000	*		9,244		
Lyxor Master Fund Ref: Argent/LowLev CB c/o Argent (23)	360,000	*		8,533		
Newport Alternative Income Fund(18)	340,000	*		8,058		
Pebble Limited Partnership(18)	340,000	*		8,058		
Man Mac I, Ltd.(25)	337,000	*		7,987		
FPL Group Employee Pension Plan (19)	305,000	*		7,229		
Syngenta AG(19)	280,000	*		6,636		
Argent LowLev Convertible Arbitrage Fund, LLC(23)	270,000	*		6,399		
Singlehedge US Convertible Arbitrage Fund(12)	235,000	*		5,570		
Total Fina Elf Finance USA, Inc.(10)	235,000	*		5,570		
Lyxor/Convertible Arbitrage Fund Limited(12)	230,000	*		5,451		
Silver Convertible Arbitrage Fund, LDC(23)	230,000	*		5,451		
Delta Airlines Master Trust(19)	225,000	*		5,333		
Argent Classic Convertible Arbitrage Fund II, L.P.(23)	200,000	*		4,740		
Vermont Mutual Insurance Company(10)	200,000	*		4,740		
HFR CA Global Select Master Trust Account(23)	160,000	*		3,792		
City of Shreveport (LA) Employees Retirement System(10)	140,000	*		3,318		
Class C Trading Company, Ltd.(23)	140,000	*		3,318		

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Name of Beneficial Owner	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering	
					Number of Shares of Common Stock	Percentage of Shares of Common Stock Outstanding(4)
Fore ERISA Fund, Ltd.(22)	128,000	*		3,033		
NFS SCI Funeral and Merchandise Fixed Common Trust(10)	120,000	*		2,844		
Partners Group Alternative Strategies PCC LTD(23)	120,000	*		2,844		
Argent Opportunities Fund LLC(23)	100,000	*		2,370		
HBMC LLC(13)	98,000	*		2,322		
B.C. McCabe Foundation(10)	95,000	*		2,251		
Guggenheim Portfolio Company VIII (Cayman), Ltd.(26)	95,000	*		2,251		
KeySpan Insurance Company(10)	80,000	*		1,896		
Wachovia Bank, NA, as Trustee for the SCI Cemetery Merchandise Common Trust(10)	70,000	*		1,659		
Anthony Munk(18)	68,000	*		1,611		
KeySpan Foundation(10)	50,000	*		1,185		
Xavex Convertible Arbitrage 2 Fund(23)	50,000	*		1,185		
Aloha Airlines Non-Pilots Pension Trust(19)	35,000	*		829		
Argent LowLev Convertible Arbitrage Fund II, LLC(23)	30,000	*		711		
Wachovia Bank, NA, as Trustee for the SCI Pre-Need Common Trust Fund(10)	25,000	*		592		
HBFT LLC(13)	17,000	*		402		
All other holders of notes or future transferees from such holders(1)	2,659,000	2.66		63,063		
Totals	\$ 100,000,000	100.00	147(27)	2,370,290	147(27)	*(27)

* Less than 1%.

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- (1) Prior to any use of this prospectus in connection with an offering of notes or underlying common stock by any selling security holder not identified above, the registration statement of which this prospectus is a part will be supplemented by a prospectus supplement or report filed pursuant to the Exchange Act setting forth the identity and aggregate amount of notes and underlying common stock beneficially owned by the selling security holder intending to sell such notes or underlying common stock. Information about successors to named selling security holders who wish to sell securities under this prospectus will be set forth in prospectus supplements identifying such successors.

- (2) Shares in this column do not include shares of common stock issuable upon conversion of the notes listed in the column to the right.

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- (3) Assumes conversion of all of the holder's notes at a conversion rate of 23.7029 shares of common stock per \$1,000 principal amount of the notes, not including fractional shares for which we will pay cash as described under Description of Notes Conversion Procedures Payment upon Conversion. However, this conversion rate is subject to adjustments as described under Description of Notes Conversion Procedures. As a result, the number of shares of common stock issuable upon conversion of the notes may increase or decrease in the future. These notes are convertible upon the occurrence of any of the events described under Prospectus Summary The Offering Conversion Rights. As of the date of this prospectus, no such event has occurred.
- (4) Calculated based on 23,805,629 shares of our common stock outstanding as of September 30, 2005.
- (5) Kenneth C. Griffin controls Citadel Investment Group, L.L.C. (CIG), which in turn controls CLP Citadel Limited Partnership (CLP), which has voting and investment control over the securities beneficially owned by Citadel Equity Fund, Ltd. (CEF). CLP, CIG and Mr. Griffin each disclaim beneficial ownership of the shares held by CEF.
- (6) Kumaran Vijayakumar has voting and investment control over the securities beneficially owned by Banc of America Securities LLC.
- (7) Shad Stastney, John Succo and Sky Lucas control Vicis Capital LLC, which has voting and investment control over the securities beneficially owned by Vicis Capital Master Fund. Shad Stastney, John Succo and Sky Lucas disclaim individual ownership of the securities listed in the above table.
- (8) Henry Cox and Allan Marshall collectively have voting and investment control over the securities beneficially owned by Argent LowLev Convertible Arbitrage Fund (Bermuda) Ltd. and Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.
- (9) Gene T. Prelti has voting and investment control over the securities beneficially owned by Institutional Benchmark Series (Master Feeder) Ltd., HFR CA Select Fund, Zazove Convertible Arbitrage Fund, L.P. and Zazove Hedged Convertible Fund, L.P.
- (10) Maren Lindstrom has voting and investment control over the securities beneficially owned by Lord Abbett Investment Trust LA Convertible Fund, Commissioners of the Land Office, Intl. Truck & Engine Corp. Non-Contributory Retirement Plan Trust, Philadelphia Board of Pensions, Pension, Hospitalization Benefit Plan of the Electrical Ind Plan, Intl Truck & Engine Corp. Retirement Plan for Salaried Employee's Trust, National Fuel & Gas Company Retirement Plan, Total Fina Elf Finance USA, Inc., Vermont Mutual Insurance Company, City of Shreveport (LA) Employees Retirement System, NFS SCI Funeral and Merchandise Fixed Common Trust, B.C. McCabe Foundation, KeySpan Insurance Company, Wachovia Bank, NA, as Trustee for the SCI Cemetery Merchandise Common Trust, KeySpan Foundation, and Wachovia Bank, NA, as Trustee for the SCI Pre-Need Common Trust Fund.
- (11) Dennis Fitzgerald, Managing Director of KBC Financial Products USA Inc., has voting and investment control over the securities beneficially owned by KBC Financial Products USA Inc.
- (12) Christian Menestrier, the CEO of CooperNeff Advisors Inc., has voting and investment control over the securities beneficially owned by BNP Paribas Equity Strategies, SNC, CooperNeff Convertible Strategies (Cayman) Master Fund, L.P., Sturgeon Limited, Singlehedge US Convertible Arbitrage Fund and Lyxor/Convertible Arbitrage Fund Limited.
- (13) Glenn Dubin and Henry Swieca control Highbridge Capital Management, LLC (Highbridge), which has voting and investment control over the securities beneficially owned by Highbridge International LLC, HBMC LLC and HBFT LLC. Each of Highbridge, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the securities held by these selling security holders.
- (14) Jeff Toback, Laurence Penn and Michael Vranos collectively control Ellington Management Group, LLC, which has voting and investment control over the securities beneficially owned by Ellington Overseas Partners, Ltd.

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- (15) Steve Jones has voting and investment control over the securities beneficially owned by Wachovia Securities International Ltd.
- (16) Nick Calamos has voting and investment control over the securities beneficially owned by Calamos Market Neutral Fund – Calamos Investment Trust.
- (17) Howard Fischer is a managing member of Basso GP LLC, the General Partner of Basso Capital Management, L.P. (Basso), which has voting and investment control over the securities beneficially owned by Basso Holdings Ltd., Basso Fund Ltd. and Basso Multi-Strategy Holdings Fund Ltd. Mr. Fischer has ultimate responsibility for trading with respect to this selling security holder. Mr. Fischer disclaims ultimate beneficial ownership of the securities held by this selling security holder.
- (18) Louise Morwick and Bryn Joynt collectively have voting and investment control over the securities beneficially owned by Silvercreek II Limited, Silvercreek Limited Partnership, Newport Alternative Income Fund, Pebble Limited Partnership and Anthony Munk.
- (19) Ann Houlihan, the Chief Compliance Officer of Frolely Revy Investment Company, has voting and investment control over the securities beneficially owned by Boilermakers Blacksmith Pension Trust, Delaware PERS, ICI American Holdings Trust, Delta Airlines Master Trust, Syngenta AG, Aloha Airlines Non-Pilots Pension Trust and FPL Group Employee Pension Plan.
- (20) Ronald Fertig, Jay Glassman, Joseph Dwyer, D. Bruce McMahan, Scott Dillinger and Norman Ziegler collectively have voting and investment control over the securities beneficially owned by McMahan Securities Co., L.P.
- (21) Frank Campana and James Doolin collectively have voting and investment control over the securities beneficially owned by Quest Investment Management.
- (22) David Egglshaw has voting and investment control over the securities beneficially owned by Fore Convertible Master Fund, LP and Fore ERISA Fund, Ltd.
- (23) Nathaniel Brown and Robert Richardson collectively control Argent Management Company, LLC, which has voting and investment control over the securities beneficially owned by Argent Classic Convertible Arbitrage Fund L.P, Xavex Convertible Arbitrage 10 Fund, Lyxor Master Fund Ref: Argent/LowLev CB c/o Argent, Argent LowLev Convertible Arbitrage Fund, LLC, Silver Convertible Arbitrage Fund, LDC, Argent Classic Convertible Arbitrage Fund II, L.P., HFR CA Global Select Master Trust Account, Class C Trading Company, Ltd., Partners Group Alternative Strategies PCC LTD, Argent Opportunities Fund LLC, Xavex Convertible Arbitrage 2 Fund and Argent LowLev Convertible Arbitrage Fund II, LLC.
- (24) Jonathan M. Glaser and Roger Richter collectively have voting and investment control over the securities beneficially owned by JMG Triton Offshore Fund, Ltd. (the JMG Fund). JMG Fund is an international business company organized under the laws of the British Virgin Islands. The JMG Fund 's investment manager is Pacific Assets Management LLC, a Delaware limited liability company (the JMG Manager) that has voting and dispositive power over the JMG Fund 's investments, including the securities listed in the above table. The equity interests of the JMG Manager are owned by Pacific Capital Management, Inc. a California corporation (Pacific) and Asset Alliance Holding Corp., a Delaware corporation. The equity interests of Pacific are owned by Messrs. Roger Richter, Jonathan M. Glaser and Daniel A. David. Messrs. Glaser and Richter have sole investment discretion over the Fund 's portfolio holdings.
- (25) Michael Collins has voting and investment control over the securities beneficially owned by Man Mac I, Ltd.
- (26) Matthew Li has voting and investment control over the securities beneficially owned by Guggenheim Portfolio Company VIII (Cayman), Ltd.

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- (27) Assumes that all other holders of notes or future transferees do not beneficially own any of our common stock other than the shares issuable upon conversion of the notes.

To the extent that any of the selling security holders identified above are broker-dealers, they are deemed to be, under interpretations of the SEC, underwriters within the meaning of the Securities Act. KBC Financial Products USA Inc., Citadel Equity Fund Ltd., McMahan Securities Co., L.P., Wachovia and Banc of America Securities LLC have advised us that they are broker-dealers. Accordingly, they are underwriters within the meaning of the Securities Act.

BNP Paribas Equity Strategies, SNC has advised us that it is an affiliate of a broker-dealer. With respect to this selling security holder, we have been advised that it has acquired its notes and underlying common stock in the ordinary course of business and, at the time of the purchase of the notes and the underlying common stock, this selling security holder had no agreements or understandings, directly or indirectly, with any person to distribute the notes or underlying common stock. To the extent that we become aware that this entity did not acquire its notes or underlying common stock in the ordinary course of business or did have such an agreement or understanding, we will file either a post-effective amendment to the registration statement of which this prospectus is a part or, to the extent permitted by SEC rules, supplement this prospectus pursuant to a prospectus supplement or report filed pursuant to the Exchange Act to designate such affiliate as an underwriter within the meaning of the Securities Act.

Only selling security holders identified above who beneficially own the notes and the underlying common stock set forth opposite each such selling security holder's name in the foregoing table on the effective date of the registration statement of which this prospectus is a part may sell such securities pursuant to the registration statement. Prior to any use of this prospectus in connection with an offering of notes or underlying common stock by any selling security holder not identified above, the registration statement of which this prospectus is a part will be supplemented by a prospectus supplement or report filed pursuant to the Exchange Act setting forth the identity and aggregate amount of notes and underlying common stock beneficially owned by the selling security holder intending to sell such notes or underlying common stock. The prospectus, as supplemented, will also disclose whether any selling security holder selling notes or underlying common stock in connection with such prospectus has held any position or office with, has been employed by or otherwise has had a material relationship with us or our affiliates or predecessors during the three years prior to the date of the prospectus, if such information has not already been disclosed herein.

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PLAN OF DISTRIBUTION

We will not receive any of the proceeds of the sale of the notes and the underlying common stock offered by this prospectus. The notes and the underlying common stock may be sold from time to time to purchasers:

directly by the selling security holders; or

through underwriters, broker-dealers or agents who may receive compensation in the form of discounts, concessions or commissions from the selling security holders or the purchasers of the notes and the underlying common stock.

The selling security holders and any underwriters, broker-dealers or agents who participate in the distribution of the notes and the underlying common stock may be deemed to be underwriters within the meaning of the Securities Act. As a result, any profits on the sale of the underlying common stock by selling security holders and any discounts, commissions or concessions received by any such broker-dealers or agents may be deemed to be underwriting discounts and commissions under the Securities Act. If the selling security holders were deemed to be underwriters, the selling security holders may be subject to statutory liabilities including, but not limited to, those of Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

If the notes and the underlying common stock are sold through underwriters or broker-dealers, the selling security holders will be responsible for underwriting discounts or commissions or agent's commissions.

The notes and the underlying common stock may be sold in one or more transactions at:

fixed prices;

prevailing market prices at the time of sale;

prices related to the prevailing market prices;

varying prices determined at the time of sale; or

negotiated prices.

These sales may be effected in transactions:

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on any national securities exchange or quotation service on which the notes and underlying common stock may be listed or quoted at the time of the sale, including the New York Stock Exchange in the case of the common stock;

in the over-the-counter market;

in transactions otherwise than on such exchanges or services or in the over-the-counter market; or

through the writing of options, whether the options are listed on an options exchange or otherwise, swaps or derivative transactions.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the transaction.

In connection with the sales of the notes and the underlying common stock or otherwise, the selling security holders may enter into hedging transactions with broker-dealers or other financial institutions. These broker-dealers may in turn engage in short sales of the notes and the underlying common stock in the course of hedging their positions. The selling security holders may also sell the notes and the underlying common stock short and deliver notes and the underlying common stock to close out short positions, or loan or pledge notes and the underlying common stock to broker-dealers that, in turn, may sell the notes and the underlying common stock. Such sales may include purchases by a broker-dealer as principal and resale by the broker-dealer of its account, and broker-dealers may agree with the undersigned to sell a specified number of shares at a stipulated price per share.

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To our knowledge, there are currently no plans, arrangements or understandings between any selling security holders and any underwriter, broker-dealer or agent regarding the sale of the notes and the underlying common stock by the selling security holders. Selling security holders may decide not to sell all or a portion of the notes and the underlying common stock offered by them pursuant to this prospectus or may decide not to sell notes or the underlying common stock under this prospectus. In addition, any selling security holder may transfer, devise or give the notes and the underlying common stock by other means not described in this prospectus. Any notes or underlying common stock covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A under the Securities Act, or Regulation S under the Securities Act, may be sold under Rule 144 or Rule 144A or Regulation S rather than pursuant to this prospectus.

The aggregate proceeds to the selling security holders from the sale of the notes or the underlying common stock offered pursuant to this prospectus will be the purchase price of such securities less discounts and commissions, if any. Each of the selling security holders reserves the right to accept and, together with their agents from time to time, reject, in whole or part, any proposed purchase of notes or common stock to be made directly or through their agents. We will not receive any of the proceeds from this offering.

Our common stock is listed on the New York Stock Exchange under the symbol B. We do not intend to apply for listing of the notes on any securities exchange or for quotation through Nasdaq. The notes originally issued in the private offering are eligible for trading on the PORTAL Market. However, notes sold pursuant to this prospectus will no longer be eligible for trading on the PORTAL Market. Accordingly, no assurance can be given as to the development of liquidity or any trading market for the notes.

The selling security holders and any other persons participating in the distribution of the notes or underlying common stock will be subject to the Exchange Act and the rules and regulations thereunder. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the notes and the underlying common stock by the selling security holders and any such other person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the notes and the underlying common stock to engage in market-making activities with respect to the particular notes and underlying common stock being distributed for a period of up to five business days prior to the commencement of such distribution. This may affect the marketability of the notes and the underlying common stock and the ability to engage in market-making activities with respect to the notes and the underlying common stock.

If required with respect to a particular offering of the notes and the underlying common stock, the names of the selling security holders, the respective purchase prices and public offering prices, the names of any agent, dealer or underwriter, and any applicable commissions or discounts related to the particular offer will be set forth in an accompanying prospectus supplement, a report filed pursuant to the Exchange Act, or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is a part. Information about successors to named selling security holders who wish to sell securities under this prospectus will be set forth in a prospectus supplement, a report filed pursuant to the Exchange Act or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is a part identifying such successors. To the extent that a form of prospectus filed pursuant to SEC Rule 424(b) does not include disclosure of omitted information regarding the terms of the offering, plan of distribution, or selling security holders because the omitted information has been included in periodic or current reports, we will file with the SEC a form of prospectus identifying the periodic or current reports that are incorporated by reference into the prospectus that is part of this registration statement.

Under the registration rights agreement entered into at the closing of the private offering of the notes on August 1, 2005, we agreed to use our reasonable best efforts to keep the registration statement of which this prospectus is a part effective until the earlier of when all of the registrable securities have been sold pursuant to the registration statement or pursuant to Rule 144 or the expiration of the holding period applicable to the notes and the shares of our common stock issued or issuable upon their conversion held by persons that are not our affiliates under Rule 144(k) under the Securities Act or any successor provision.

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We are permitted to prohibit offers and sales of securities pursuant to this prospectus under certain circumstances relating to pending corporate developments, public filings with the SEC and other material events for a period not to exceed 60 days in the aggregate in any 90-day period or 90 days in the aggregate in any 360-day period. We also agreed to pay liquidated damages to certain holders of the notes and shares of common stock issuable upon conversion of the notes if the registration statement of which this prospectus is a part is not timely filed or made effective or if the prospectus is unavailable for periods in excess of those permitted. See Description of Notes Registration Rights.

Under the registration rights agreement, we and the selling security holders have each agreed to indemnify the other against certain liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection with these liabilities.

We have agreed to pay substantially all of the expenses incidental to the registration, offering and sale of the notes and the underlying common stock to the public, other than selling and certain legal expenses of the selling security holders.

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VALIDITY OF SECURITIES

The validity of the notes and the shares of our common stock issuable upon conversion of the notes is being passed upon for us by our special counsel, Nixon Peabody LLP, New York, New York.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to Barnes Group Inc.'s first of two Current Reports on Form 8-K filed with the SEC on July 25, 2005 and the financial statement schedule and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K of Barnes Group Inc. for the year ended December 31, 2004 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

With respect to the unaudited financial information of Barnes Group Inc. for the three month periods ended March 31, 2005 and 2004, for the three and six-month periods ended June 30, 2005 and 2004 and for the three and nine-month periods ended September 30, 2005 and 2004, incorporated by reference in this prospectus, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports dated May 4, 2005, August 3, 2005 and November 3, 2005, respectively, incorporated by reference herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited financial information because those reports are not reports or parts of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any document we file at the SEC's Public Reference Room located at Room 1580, Station Place, 100 F St., N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings also are available from the SEC's Internet site at <http://www.sec.gov>, which contains reports, proxy and information statements, and other information regarding issuers that file electronically.

Documents may also be available on our website at www.barnesgroupinc.com. Information contained on our website does not constitute a part of this prospectus.

