

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) November 21, 2005

AEARO COMPANY I

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation)	333-116676 (Commission File Number)	13-3840456 (IRS Employer Identification No.)
5457 W. 79th Street Indianapolis, Indiana (Address of Principal Executive Offices)	(317) 692-6666 (Registrant's Telephone Number, Including Area Code)	46268 (Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On November 21, 2005, Aearo Company I announced its results of operations for the year ended September 30, 2005. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press release dated November 21, 2005 of Aearo Company I.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 21, 2005

AEARO COMPANY I

By: /s/Jeffrey S. Kulka

Name: Jeffrey S. Kulka

Title: Senior Vice President, Chief Financial Officer
and Secretary

Aearo Announces Record Results for Fiscal Year 2005

INDIANAPOLIS, November 21, 2005 – Aearo Company I (the “Company”), one of the world’s leading designers, manufacturers and marketers of a broad range of personal protective products, today announced net sales for the year ended September 30, 2005 increased \$60.6 million, or 16.7%, to \$423.4 million from \$362.8 million for the year ended September 30, 2004. Adjusted EBITDA increased 25.0% to \$77.8 million for the year ended September 30, 2005 from \$62.2 million for the year ended September 30, 2004. Net income for the year months ended September 30, 2005 increased to \$27.6 million from \$3.5 million for the year ended September 30, 2004. This performance represents the best fiscal year for sales and earnings in the Company’s history.

The increase in net sales was primarily driven by organic growth in the Safety Products and Specialty Composites segments and foreign currency translation. The weakness of the U.S. dollar favorably impacted net sales by \$7.7 million or 2.1%.

Gross profit for the year ended September 30, 2005 increased 33.1% to \$206.7 million from \$155.3 million for the year ended September 30, 2004. Gross profit for 2004 was adversely affected by a non-recurring charge of \$17.1 million resulting from the write-up of inventory required by SFAS No. 141 on the merger date and subsequent sale of such inventory. Gross profit as a percentage of sales for the year ended September 30, 2005 was 48.8% as compared to 47.5% for the year ended September 30, 2004 with fiscal year 2004 calculated by excluding the effects of the purchase accounting adjustment. The improvement in the gross profit percentage, to the highest annual gross profit percentage in the Company’s history, is primarily due to the favorable impacts of higher manufacturing volumes in the Company’s plants covering its manufacturing costs, favorable product mix, productivity improvements and the impact of foreign currency translation.

The provision for income taxes for the year ended Sept 30, 2005 was \$11.2 million compared to \$1.0 million for the year ended September 30, 2004. The effective tax rate for the year ended September 30, 2005 and 2004 was different from the statutory rate due to the mix of income between the Company’s foreign and domestic subsidiaries. The Company’s foreign subsidiaries had taxable income in their foreign jurisdictions while the Company’s domestic subsidiaries have net operating loss carry-forwards for income tax purposes.

The Company uses Adjusted EBITDA, a non-GAAP financial measure, as a management tool to measure and monitor financial performance and as part of the calculation of Company performance as stated in senior bank facility covenants. While the Company believes Adjusted EBITDA is a useful indicator of its ability to service debt, Adjusted EBITDA should not be considered as a substitute for net income (loss) determined in accordance with GAAP as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Investors should be aware that Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies and comparisons could be misleading unless all companies and analysts calculate this measure in the same fashion.

The following table provides a reconciliation of Adjusted EBITDA to net income for the years ended September 30, 2005 and 2004, respectively:

	Twelve Months Ended September 30,	
	<u>2005</u>	<u>2004</u>
Adjusted EBITDA	\$ 77,827	\$ 62,250
Depreciation	10,631	10,951
Amortization of intangibles	5,229	2,873
Other non-cash charges (income), net	1,181	(316)
Inventory purchase accounting	--	17,067
Restructuring	--	(1,091)
Bond call premium	--	1,532
Interest	22,010	26,744
Taxes	<u>11,187</u>	<u>1,036</u>
Net Income	<u>\$ 27,589</u>	<u>\$ 3,454</u>

Other non-cash charges are defined as extraordinary gains or losses, or gains or losses from sales of assets other than in the ordinary course of business.

Earnings Call

The Company has scheduled a conference call to discuss its financial results on Tuesday, November 22, 2005 at 1:30 p.m. Eastern. The call in number is (703) 639-1156 conference ID 814697. A recording of the conference call will be available through November 29, 2005. The recording can be accessed by dialing (703) 925-2533, conference ID 814697.

About Aearo

Headquartered in Indianapolis, Ind., Aearo Company (www.aearo.com) is one of the world's leading designers, manufacturers and marketers of a broad range of personal protective products and energy-absorbing products, including head and hearing protection devices, prescription and non-prescription eyewear, and eye/face protection devices for use in a wide variety of industrial and household applications.

AEARO COMPANY I AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Share Amounts)

	September 30, <u>2004</u>	September 30, <u>2005</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 27,724	\$ 30,068
Accounts receivable (net of allowance for doubtful accounts of \$1,334 and \$1,206, respectively)	54,159	61,998
Inventories	40,849	48,132
Deferred and prepaid expenses	<u>4,146</u>	<u>8,385</u>
Total current assets	<u>126,878</u>	<u>148,583</u>
LONG TERM ASSETS:		
Property, plant and equipment, net	54,750	50,444
Goodwill	133,745	107,887
Other intangible assets, net	185,855	180,787
Other assets	<u>15,144</u>	<u>13,644</u>
Total assets	<u>\$ 516,372</u>	<u>\$ 501,345</u>
LIABILITIES		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 1,639	\$ 3,432
Accounts payable and accrued liabilities	46,730	58,632
Accrued interest	6,996	6,678
U.S. and foreign income taxes	<u>1,648</u>	<u>1,888</u>
Total current liabilities	<u>57,013</u>	<u>70,630</u>
LONG TERM LIABILITIES:		
Long-term debt	302,842	297,625
Deferred income taxes	59,699	45,340
Due to parent	--	1,161
Other liabilities	<u>14,726</u>	<u>12,984</u>
Total liabilities	434,280	427,740
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDER'S EQUITY		
Common stock, \$.01 par value—		
Authorized—100 shares		
Issued and outstanding—100 shares	--	--
Paid in capital	101,610	101,750
Accumulated deficit	(19,415)	(26,820)
Accumulated other comprehensive loss	<u>(103)</u>	<u>(1,325)</u>
Total stockholder's equity	<u>82,092</u>	<u>73,605</u>
Total liabilities and stockholder's equity	<u>\$ 516,372</u>	<u>\$ 501,345</u>

AEARO COMPANY I AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	Predecessor		Successor	
	Year Ended September 30, <u>2003</u>	Six Months Ended March 31, <u>2004</u>	Six Months Ended September 30, <u>2004</u>	Year Ended September 30, <u>2005</u>
Net sales	\$ 316,428	\$169,579	\$ 193,261	\$ 423,420
Cost of sales	164,289	89,056	118,491	216,710
Restructuring	<u>(270)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Gross profit	152,409	80,523	74,770	206,710
Selling and administrative	101,257	56,835	56,752	131,232
Research and technical services	6,402	3,623	4,028	9,175
Amortization expense	267	242	2,631	5,229
Other charges (income), net	1,737	(506)	1,545	288
Restructuring	<u>--</u>	<u>(1,091)</u>	<u>--</u>	<u>--</u>
Operating income	42,746	21,420	9,814	60,786
Interest income	(107)	(53)	(33)	(100)
Interest expense	<u>19,563</u>	<u>10,889</u>	<u>15,941</u>	<u>22,110</u>
Income (loss) before provision for income taxes	23,290	10,584	(6,094)	38,776
Provision (benefit) for income taxes	<u>2,603</u>	<u>2,020</u>	<u>(984)</u>	<u>11,187</u>
Net income (loss)	<u>\$ 20,687</u>	<u>\$ 8,564</u>	<u>\$ (5,110)</u>	<u>\$ 27,589</u>

Aearo ... Protecting People, Products and Performance