BARNES GROUP INC
Form DEF 14A
April 05, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only

(as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

BARNES GROUP INC.

(Name of Registrant as Specified In Its Charter)

BARNES GROUP INC.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

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April 8, 2010

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 7, 2010

You are invited to attend the Annual Meeting of Stockholders of Barnes Group Inc. which will be held at the Hartford Marriott Downtown Hotel, 200 Columbus Boulevard, Hartford, Connecticut 06103, at 11:00 a.m. on Friday, May 7, 2010, for the following purposes:

1. Election of three directors for a three-year term and one director for a one-year term;

2. Approval of the Barnes Group Inc. Stock and Incentive Award Plan, as amended;

3. Ratification of the selection of PricewaterhouseCoopers LLP as independent registered public accounting firm for 2010;

4. Consideration of a stockholder proposal regarding declassification of the Board of Directors, if such proposal is properly presented at the meeting; and

5. To transact any other business that may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on March 10, 2010 will be entitled to vote at the meeting. The Board of Directors recommends a vote FOR Items 1, 2, and 3 and AGAINST Item 4.

Your vote is important. Please VOTE AS SOON AS POSSIBLE USING THE TELEPHONE OR INTERNET as described in the enclosed proxy card or, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED, whether or not you plan to attend the meeting.

Nancy Clark

Assistant Secretary

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PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

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PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

MAY 7, 2010

This proxy statement is furnished in connection with the solicitation of proxies by Barnes Group Inc., which is referred to in this proxy statement as the Company, on behalf of the Board of Directors for the 2010 Annual Meeting of Stockholders to be held on May 7, 2010 and at any adjournment thereof. Distribution of this proxy statement and a proxy form to stockholders is scheduled to begin on or about April 8, 2010. You can vote your shares by proxy using the telephone or the Internet as described in the proxy card, or you can sign and return a proxy card in the accompanying form. A stockholder who votes a proxy may revoke it at any time before it is exercised by voting in person at the annual meeting, by delivering a subsequent proxy or by notifying the inspectors of the election in person or in writing.

ELECTION OF DIRECTORS (Proxy Proposal 1)

The Board of Directors Recommends a Vote FOR All Nominees.

Three directors who have previously served on the Board of Directors are nominated for re-election to the Board of Directors for a three-year term (unless any of them earlier dies, resigns, retires or is removed, as provided in the Company s By-laws). John W. Alden, George T. Carpenter, and William J. Morgan are nominated for re-election to the Board of Directors for terms expiring at the Annual Meeting of Stockholders in 2013.

One person who has not previously served on the Board of Directors is nominated for election to the Board of Directors for a one-year term (unless he earlier dies, resigns, retires or is removed, as provided in the Company s By-laws). Hassell H. McClellan is nominated for election to the Board of Directors for a term expiring at the Annual Meeting of Stockholders in 2011.

Directors are elected by a plurality of the votes cast. Proxies may be voted only for the number of nominees named by the Board of Directors.

Pertinent information concerning the nominees for re-election and election as directors and the six directors whose terms continue after the meeting is set forth below. Each director has been associated with his or her present organization for at least the past five years unless otherwise noted. None of the organizations listed as business affiliates of the directors is a subsidiary or other affiliate of the Company.

Nominees for Re-election

Three-Year Term Term to expire in 2013

John W. Alden

Director since 2000

Current term expires 2010

Mr. Alden, 68, retired as Vice Chairman, United Parcel Service of America, Inc. in 2000. He is Chairperson of the Corporate Governance Committee, and a member of the Finance Committee and the Compensation and Management Development Committee of the Company s Board of Directors. From 1988 until his retirement, he served as a director of United Parcel Service. He is currently and has been during the past five years a director of Silgan Holdings Inc., The Dun & Bradstreet Corporation and Arkansas Best Corporation. In addition to his service with United Parcel Service of America, Inc. and on other boards of directors, Mr. Alden s qualifications to be a member of our Board of Directors include his extensive experience as senior manager and vice chairman of a $50 billion company with responsibility for corporate strategic planning, worldwide marketing, sales, communications, public relations and logistics, and a life-long career in industry.

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George T. Carpenter

Director since 1985

Current term expires 2010

Mr. Carpenter, 69, is President and a director of The S. Carpenter Construction Company, which is involved in general contracting, and The Carpenter Realty Company, which is involved in real estate management. He is a member of the Finance Committee, the Executive Committee, the Compensation and Management Development Committee, and the Corporate Governance Committee of the Company s Board of Directors. For over nine years until mid-2008, Mr. Carpenter served as a director of Webster Financial Corporation. Mr. Carpenter s qualifications to be a member of our Board of Directors include his direct ownership and hands-on management of two Bristol, Connecticut-based businesses and his knowledge of the banking and financial industries and financing arrangements. Mr. Carpenter has served on our Board of Directors for 25 years.

William J. Morgan

Director since 2006

Current term expires 2010

Mr. Morgan, 63, is a retired partner of the accounting firm KPMG LLP where he served clients in the industrial and consumer market practices. He is currently a consultant to KPMG LLP s Leadership Development Group and is Dean of KPMG s Chairman s 25 Leadership Development Program. He is the Chairman of the Finance Committee, and a member of the Audit Committee and the Corporate Governance Committee of the Company s Board of Directors. From 2004 until 2006, he was the Chairman of KPMG LLP s Audit Quality Council and, from 2002 until 2006, he was a member of its Independence Disciplinary Committee. He previously served as the Managing Partner of the Stamford, Connecticut office. Mr. Morgan is a certified public accountant. Mr. Morgan is currently a director of PGT, Inc. and previously served as a member of the Boards of Directors for KPMG LLP and KPMG Americas. In addition to his service with KPMG LLP and on other boards of directors, Mr. Morgan s qualifications to be a member of our Board of Directors include his life-long career and expertise in the accounting field as well as his extensive experience working with global industrial companies relative to accounting, finance, auditing, controls, risk management, compliance and corporate governance.

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Nominee for Election

One-Year Term Term to expire in 2011

Hassell H. McClellan

Dr. McClellan, 64, has served as an Associate Professor, Operations, Information and Strategic Management Department, of Boston College s Wallace E. Carroll School of Management since 1990. Dr. McClellan has been a member of the faculty of Boston College since 1984. He specializes in strategic management, global competitiveness and strategic management for boards of directors and financial services. He served as the Associate Dean of Boston College s Wallace E. Carroll School of Management from 1996 to 2000. Dr. McClellan has a Doctor of Business Administration degree. Dr. McClellan is currently a trustee of the Phoenix Edge Series Fund where he has served since 2008, the John Hancock Trust where he has served since 2005, and the John Hancock Funds II where he has served since 2005. Dr. McClellan s qualifications to be a member of our Board of Directors include his extensive experience and expertise in global competitiveness, strategic planning and finance. In addition to his academic achievements in these areas, he has served as a board member or trustee of more than 10 not-for-profit and private organizations.

Continuing Directors

Term expiring in 2011

William S. Bristow, Jr.

Director since 1978

Current term expires 2011

Mr. Bristow, 56, is President of W.S. Bristow & Associates, Inc., which is engaged in small business development. He is a member of the Finance Committee, the Executive Committee and the Audit Committee of the Company s Board of Directors. Mr. Bristow s qualifications to be a member of our Board of Directors include his extensive knowledge of our Company with over 30 years of service as a member of our Board of Directors, ownership and direct management of W.S. Bristow & Associates and his expertise in the area of sales.

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Gregory F. Milzcik

Director since 2006

Current term expires 2011

Mr. Milzcik, 50, became President and Chief Executive Officer of the Company in October 2006. He is an ex officio, non-voting member of the Executive Committee of the Company s Board of Directors. He joined the Company in June 1999 as Vice President, Barnes Group Inc. and President, Barnes Aerospace. He was appointed President, Barnes Industrial (formerly Associated Spring) in November 2004 and Executive Vice President and Chief Operating Officer of the Company in February 2006. He is currently, and has been since 2008, a director of IDEX Corporation. Mr. Milzcik s qualifications to be a member of our Board of Directors include his life-long career and expertise in the aerospace industry as well as his extensive knowledge in the fields of finance, domestic and international operations, engineering, lean management, marketing, and enterprise management systems.

Term expiring in 2012

Thomas J. Albani

Director since 2008

Current term expires 2012

Mr. Albani, 67, retired from Electrolux Corporation in May 1998 where he served as the Chief Executive Officer for seven years and as a member of the Board of Directors. He is a member of the Finance Committee, the Corporate Governance Committee and the Compensation and Management Development Committee of the Company s Board of Directors. He is a director of Select Comfort Corporation. Mr. Albani s qualifications to be a member of our Board of Directors include his experience as the Chief Executive Officer of Electrolux, a multinational corporation, as well as his service as the Chief Operating Officer of Allegheny International, a multibillion dollar industrial conglomerate. He also has, through his experience in management consulting and participation in various industrial and consumer associations, strong strategic planning and problem solving skills and knowledge of the financial, environmental, legal and structural issues facing industrial companies.

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Thomas O. Barnes

Director since 1978

Current term expires 2012

Mr. Barnes, 61, is Chairman of the Board of Directors and an employee of the Company. He is an ex officio, non-voting member of the Executive Committee of the Company s Board of Directors. He is currently a director of New England Bank Shares, Inc. He served as a director of Valley Bank from 2005 to 2007 when it was merged into New England Bank Shares, Inc. Mr. Barnes qualifications to be a member of our Board of Directors include his experience in the fields of distribution, manufacturing, finance and governance with numerous organizations, including the Company s distribution business, throughout his career. In addition, Mr. Barnes has owned and managed several businesses and has experience in the commercial lending field. He has served on the Board of Director of the Company for over 30 years and has served as chairman and a director of over 20 non-profit organizations.

Gary G. Benanav

Director since 1994

Current term expires 2012

Mr. Benanav, 64, retired in March 2005 from New York Life International, LLC where he was the Chief Executive Officer, and the Vice Chairman and a director of New York Life Insurance Company. He is Chairperson of the Compensation and Management Development Committee, and a member of the Audit Committee and the Executive Committee of the Company s Board of Directors. He is a director of Express Scripts, Inc., a full-service pharmacy benefit management company. Mr. Benanav s qualifications to be a member of our Board of Directors include having served as the executive officer of two U.S. corporations with assets in excess of $100 billion, extensive international business experience, extensive management responsibility for U.S. and international insurance and financial services companies, experience in dealing with regulators and legislators, extensive knowledge of finance and accounting matters including complex financial statement and accounting issues across various types of businesses, and practice as a business attorney for 15 years including serving as a legal advisor to Boards of Directors for over five years. In addition, Mr. Benanav received a Presidential appointment as U.S. representative to APEC Business Advisory Council (2002 to 2005).

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Mylle H. Mangum

Director since 2002

Current term expires 2012

Ms. Mangum, 61, is the Chief Executive Officer of IBT Enterprises, LLC, a leading provider of branch banking solutions. She was formerly the Chief Executive Officer of True Marketing Services, focusing on consolidating marketing services companies. She is Chairperson of the Audit Committee, and a member of the Corporate Governance Committee and the Finance Committee of the Company s Board of Directors. From 1999 to 2002, she was the Chief Executive Officer of MMS, a private equity company involved in developing and implementing marketing and loyalty programs in high-tech environments. She is currently a director of Collective Brands, Inc. and Haverty Furniture Companies, Inc. Over the past five years she has also served as a director of Scientific-Atlanta, Inc., Respironics, Inc., Matria Healthcare, Inc., Emageon Inc., and Payless ShoeSource, Inc., the predecessor to Collective Brands. Ms. Mangum s qualifications to be a member of our Board of Directors include her current service as a chief executive officer, and extensive business and management experience including, in addition to that mentioned above, serving as an executive with General Electric, BellSouth and Holiday Inn Worldwide. She has extensive knowledge of marketing, accounting and finance, as well as compliance and internal controls.

RETIRING DIRECTOR

Mr. Frank E. Grzelecki, who has served as a director since 1997, will be retiring from the Board of Directors as of the date of the 2010 Annual Meeting of Stockholders.

Frank E. Grzelecki

Director since 1997

Current term expires 2010

Mr. Grzelecki, 72, is retired from Handy & Harman, a diversified industrial manufacturing company, where he last was a director and Vice Chairman in 1998. He is the Chairman of the Executive Committee, and a member of the Compensation and Management Development Committee and the Audit Committee of the Company s Board of Directors. Mr. Grzelecki served as a director of a number of companies over his career and in various management positions where he gained expertise in corporate management.

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Executive Compensation Objectives

The overarching objective of the Company s executive compensation philosophy is to support the achievement of our strategic business objectives of building lasting value through consistent, sustainable and predictable results that increase stockholder wealth. We have structured our executive compensation program to:

- Provide appropriate incentives for our executive team by linking their significant short- and long-term compensation opportunities to Company performance and total stockholder return;
- Emphasize the performance measures on which our executive officers need to focus to increase stockholder value;
- Build a strong cohesive executive team by basing incentive compensation on achievement of group and enterprise goals;
- Reward executives who contribute meaningfully to achieving our strategic objectives;
- Encourage executives to hold a significant equity investment in our Company throughout their tenure with us so that they manage the business from the perspective of stockholders;
- Attract highly qualified and motivated executives by offering balanced, competitive compensation arrangements;
- Retain valuable executives by setting clear goals providing meaningful, substantial and multi-faceted rewards and ensuring, that total compensation is attractive and competitive;
- Align our compensation polices with stockholders' long-term interests and avoid short-term rewards for management decisions that could pose undue long-term risks to the Company and its stockholders;
- Maximize the tax effectiveness of the total compensation and benefits package to the extent practicable; and
- Minimize potentially adverse tax and accounting consequences while ensuring full and uncompromised compliance with generally accepted accounting principles.

This discussion focuses on the compensation paid to the executive officers named in the Summary Compensation Table beginning on page 25. The compensation programs described also apply broadly to other officers and management personnel at the Company, with changes as appropriate at different levels within the organization and for different types of positions.

The Company believes that compensation paid to executives should be closely aligned with the Company s performance on both a short-term and a long-term basis. Accordingly, a significant portion of the compensation opportunity under the Company s executive compensation program is directly related to stock performance and other factors that directly or indirectly influence stockholder value. If the Company s results exceed our performance targets, the executives have an opportunity to realize significant additional compensation. If the business results do not meet pre-established threshold performance goals, or if the stock price does not appreciate, the executives have significant downside risk, including the elimination of realized value under certain programs.

Executive Compensation Opportunities, Generally

The Company aims to provide our executives with the opportunity to earn total direct compensation (total annual salary plus short-term incentives plus the fair market value of long-term incentives at date

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of grant) that falls between the market median and, upon achieving superior performance, the 75th percentile of the total direct compensation paid to executives holding equivalent positions at a defined peer group of companies, which is referred to in this proxy statement as the Peer Group, and at other companies with attributes comparable to those of the Company.

Management initially recommends the Peer Group to the Board s Compensation and Management Development Committee, which is referred to in this proxy statement as the Compensation Committee. Management creates its recommendation by reviewing for consistency with the Company, the financial performance, ownership structure, and overall compensation philosophy of companies that the Company considers to be competitors in one or more of the Company s businesses. Annually, Frederic W. Cook & Co., Inc. reviews the relative size and financial performance of the Peer Group as compared to the Company, and provides its views on the ongoing appropriateness of the group.

As part of making determinations with respect to the Peer Group, the Compensation Committee periodically will request a separate evaluation of the Peer Group by Compensation Advisory Partners, LLC, a compensation consulting firm retained directly by, and whose fees are negotiated directly with, the Compensation Committee to assist in its oversight of our executive compensation programs. (The principals of Compensation Advisory Partners, LLC were formerly associated with Mercer Consulting, the Compensation Committee s former consultant.) This second objective review helps ensure the Peer Group s ongoing relevance with respect to compensation decisions.

The following companies comprised the Peer Group used in the comparative review of 2009, 2008 and 2007 compensation:

AAR Corp.

Airgas Inc.

Alliant Techsystems Inc.

Ametek Inc.

Applied Industrial Technologies Inc.

BorgWarner Inc.

Carpenter Technology Corp.

Crane Co.

Esterline Technologies Corp.

Hexcel Corp.

Kaman Corp.

Modine Manufacturing Co.

Moog Inc.

Mueller Industries Inc.

Pall Corp.

Stanley Works

Tenneco Inc.

Terex Corp.

Valmont Industries Inc.

Watsco Inc.

WESCO International Inc.

Periodically, management and the Compensation Committee re-examine the Peer Group companies to ensure that the same conditions that resulted in their selection continue to be present and relevant. Management may recommend and the Compensation Committee may supplement the Peer Group with additional peer companies or replace current Peer Group companies with other companies, following significant changes in ownership, size, business structure or strategic business direction of a Peer Group company or to better align the Peer Group with attributes of the Company. Management, with the assistance of its consultant, provides the Compensation Committee and its consultant with the

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rationale for potentially altering the composition of the Peer Group, and information to understand the potential impact of the changes. The Compensation Committee must approve any changes to the Peer Group.

In 2009, at the direction of the Compensation Committee, management and its consultant undertook a review of the Peer Group. Based on the above criteria management s consultant made recommendations that several of the peer companies be replaced with other companies that were more comparable to the Company in terms of size and/or the industries in which the other companies participate. After reviewing the recommendations with its consultant, at its October 2009 meeting the Compensation Committee approved the following companies to comprise the Peer Group to be used for 2010, which we refer to as the 2010 Peer Group:

Ametek Inc.

Applied Industrial Technologies Inc.

BE Aerospace Inc.

Carpenter Technology Corp.

Circor International Inc.

Crane Co.

Curtiss-Wright Inc.

Enpro Industries Inc.

Esterline Technologies Corp.

Graco Inc.

Hexcel Corp.

Kaman Corp.

Kaydon Corp.

Moog Inc.

Triumph Group Inc.

Valmont Industries Inc.

Watsco Inc.

Risk Assessment of Compensation Programs

We believe that our compensation programs for executives and other employees are designed with the appropriate balance of risk and reward in relation to the Company s overall business strategy and do not incent executives or other employees to take unnecessary or excessive risks. Our annual and long-term plans are reviewed by the Compensation Committee and any risks embedded in those plans are discussed and evaluated for appropriateness. We believe our approach to goal-setting, setting of targets with payouts at multiple levels of performance, and evaluation of performance results assist in mitigating excessive risk-taking by our executives or other employees. Several features of our compensation programs reflect sound risk management practices. We believe that the Company has allocated compensation among base salary and short- and long-term compensation target opportunities for executives in such a way as to not encourage excessive risk-taking. The mix of equity award instruments used under our long-term incentive program that includes full value awards also mitigates risk. Also, the multi-year vesting of our equity awards and our share ownership guidelines properly account for the time horizon of risk.

Specifically, with respect to current practices for the named executive officers, our annual incentive award payments are capped (at not greater than 2.25 times base salary for the Chief Executive Officer and less for other executives) and are not overly weighted toward short-term incentives (for example, the Chief Executive Officer s maximum annual incentive award opportunity in 2009 represented approximately 47 percent of his target total direct compensation, which will become a smaller percentage if long-term targets are exceeded). In addition, with respect to all executive officers the emphasis of our compensation programs is on long-term compensation based on long-term

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performance (for example, the long-term component typically represents approximately 48 percent of target total direct compensation). Also, restricted stock unit and stock option awards vest over time (three years in the case of the most recent restricted stock unit grants and three and one half years in the case of the most recent stock option grants to named executive officers), which aligns management's incentives with stockholders interests by rewarding long-term stock appreciation rather than short-term performance. Further, the Compensation Committee has discretion to exclude non-ordinary gains from all incentive payment calculations and our stock ownership guidelines assure that executives have significant personal wealth tied to long-term stock appreciation.

Finally, as discussed further below, we have entered into agreements providing for compensation recapture with our Chief Executive Officer, our Chief Financial Officer and principal accounting officer in the event of certain restatements of the Company s financial results and the Company s equity award agreements provide that awards may be forfeited if an executive engages in activity that is detrimental to the Company including performing services for a competitor, disclosing confidential information or otherwise violating the Company s Code of Business Ethics and Conduct.

Individual Executive Compensation Opportunities

Key factors considered in setting an individual executive s compensation opportunities include:

- The leadership demonstrated to create and promote a day-to-day working environment of unwavering integrity, compliance with applicable laws and the Company s ethics policies, and global responsibility;
- The desire to retain key executives capable of driving achievement of the Company s strategic objectives;
- The nature and complexity of the executive officer s role (including any recent promotion or change in responsibility or impact as a member of management);
- The effectiveness of the strategies being used to increase enduring stockholder value;
- Market conditions or trends related to compensation and executive talent; and
- The legal, accounting and tax implications of awards.

Our Company-wide performance assessment and development program is composed of two components: a self-evaluation and, for each officer other than the Chief Executive Officer, an evaluation by the Chief Executive Officer. The Compensation Committee completes an evaluation of the Chief Executive Officer s performance. Usually, the Chairman of the Board of Directors and the Chairman of the Compensation Committee provide the Chief Executive Officer with an oral summary of the evaluation along with certain written comments provided by the members of the Board of Directors. These evaluations involve both objective factors (*e.g.,* financial results) and subjective factors (*e.g.,* leadership qualities). The evaluations by the Chief Executive Officer are reviewed by the Compensation Committee, along with other factors as it deems appropriate, in making its determinations as to whether an adjustment to an executive s current salary grade/position is necessary, and what actions or adjustments are appropriate with respect to the individual s total compensation opportunity.

Based on compilations of competitive compensation data presented by Frederic W. Cook & Co., Inc. in December 2009, the 2009 target total direct compensation (comprised of 2009 base salary plus target bonus and projected value of long-term incentives) for all executive officers was 7% above the median and 16% below the 75th percentile of such total compensation paid to executives holding equivalent positions at 2010 Peer Group companies and other comparable companies. Frederic W. Cook & Co., Inc. also found that the Company s actual total direct compensation fell below its targeted competitive

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positioning (*i.e.*, median to 75th percentile of competitive practice), as projected total direct compensation for our executives was 1% below the median and 28% below the 75th percentile of competitive practice**.**

For a discussion of competitive compensation data compiled with respect to Mr. Milzcik and the Compensation Committee s use of such information, see the section entitled Compensation of Our Chief Executive Officer on page 20 of this proxy statement.

Elements of Executive Compensation

Our executive compensation program for our named executive officers is composed of the following elements:

- Annual cash salary;
- Annual incentives payable in cash;
- Long-term equity incentive compensation;
- Pension, retirement and life insurance programs;
- Change-in-control and employment termination benefits; and
- Perquisites and other benefits.

Annual Cash Salary

We believe that any compensation program must have a fixed cash component which supports a reasonable standard of living so that executive officers are prepared to have their incentive compensation at risk. Base salary typically constitutes less than half of total potential executive compensation.

Salaries are reviewed on at least an annual basis, as well as at the time of a promotion or other change in responsibility. In determining the annual salaries of our executive officers, the Compensation Committee looks at a number of factors such as the number of years in the position, the amount, timing and percentage of the last increase, the level of responsibility assumed, past and current performance, the annual salaries of executive officers of the Peer Group and other comparable companies, pay equity within the Company, and an assessment of the marketability and criticality of retention of key executives. Increases usually take effect on April 1st of each year, but will be made at interim dates within the annual cycle if the Compensation Committee deems it appropriate and necessary based on internal and external considerations. For 2009, due to business conditions, the Company implemented a salary freeze for all salaried employees, including executive officers, except in the case of promotions.

Annual Incentives Payable in Cash

The named executive officers other than Mr. Boyle participate in the Barnes Group Inc. Performance-Linked Bonus Plan For Selected Executive Officers (the Bonus Plan). Mr. Boyle participates in the Management Incentive Compensation Plan (the MICP). A significant percentage of the annual cash compensation paid to the named executive officers is at risk under the Bonus Plan or MICP, as applicable. For both the Bonus Plan and the MICP, award opportunities, determined as a percentage of each executive officer s base salary, are based on the performance against predetermined objective measures of the Company as a whole or the business unit over which the executive has a direct influence, rather than subjective or individual measures. The Bonus Plan has been approved by the stockholders of the Company and is specifically designed and administered to qualify the annual cash

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incentive amounts as performance-based compensation and therefore deductible in accordance with the provisions of Internal Revenue Code Section 162(m).

We have chosen to base annual incentive targets on financial measures because they are easily understood and not subjective. We believe that the measures used for annual cash incentives are consistent with our goal of increasing stockholder value. We believe that the potential amounts of the annual incentives act as a significant incentive to reach our performance targets. Further, we believe that blending our annual incentives with our long-term equity awards and stock ownership requirements (described below) helps ensure that executives do not simply cut costs to increase short-term profits.

Except as noted below, in each of 2007 and 2008, 85% of each executive s annual incentive award was based on basic earnings per share of the Company in the case of corporate executives, and performance profit after tax (PPAT) of the applicable business unit (currently, based on the Company s Logistics and Manufacturing Services and Precision Components reporting segments) of each business unit executive.

Basic earnings per share is used as a measure for the corporate executives because we believe it is a principal driver of stock price appreciation. Basic earnings per share is used rather than diluted earnings per share to overcome a potentially adverse impact from stock price appreciation that could create a disincentive to grow stock price, or increase the earned award if the stock price were to decline.

For business unit executives, PPAT is calculated by subtracting from operating profit after tax a charge for the capital employed by the applicable business unit. We use this measure because we believe that it encourages these executives to use capital wisely within their respective units and to work to lower the Company s tax rate.

In 2007 and 2008, the balance of 15% of each participant s award was based on corporate revenues for corporate executives and on the applicable business unit revenues for business unit executives.

Given the importance to the Company to conserve and carefully manage cash in a difficult economic environment, in place of revenues as a measure for the Company and the business units, for 2009 the Compensation Committee established a new working capital performance metric, referred to as Days Working Capital, which we refer to as DWC, based on the average quarter-end working capital of the Company and the segments in the five-quarter period ending December 31, 2009. For 2009, 80% of each executive s annual incentive award opportunity was based on basic earnings per share of the Company or PPAT of the applicable segment (excluding from the Logistics and Manufacturing Services segment the Company s aftermarket revenue sharing programs with General Electric Company under which the Company receives an exclusive right to supply designated aftermarket parts over the life of the related aircraft engine program, which we refer to below as RSP Revenue) and 20% was based on DWC.

DWC was calculated based on several sub-measures as follows:

The number of Days Sales Outstanding at each quarter-end date, plus the Days Inventory on Hand as of that date, minus Days Payables Outstanding as of that date, with:

Days Sales Outstanding being equal to trade accounts receivable as of that date divided by the average daily sales in the quarter ending as of that date; and

Days Inventory on Hand being equal to the inventory as of that date divided by the average daily cost of sales in that quarter; and

Days Payables Outstanding being equal to the trade accounts payable as of that date divided by the average daily cost of sales in that quarter.

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The calculation was done for each quarter-end, beginning with the fourth quarter of 2008 and each quarter of 2009. The results for the quarters were averaged to compare to the goals set for the entire period.

The award opportunities established for 2009 as a percentage of base salary are summarized below.

Position	Performance below the preestablished base goal	Performance equal to the preestablished base goal*	Performance equal to the preestablished threshold goal*	Performance equal to the preestablished target goal*	Performance equal to or exceeding the preestablished maximum goal
President and Chief Executive Officer	0%	0.75%	18.75%	75%	225%
Segment Presidents and Senior Vice President, Finance and Chief Financial Officer	0%	0.50%	12.5%	50%	150%
All other Senior Vice Presidents	0%	0.45%	11.25%	45%	135%
Vice Presidents	0%	0.35%	8.75%	35%	105%

* Where performance falls between base and threshold or between threshold and target or between target and maximum, the annual incentive percentage is calculated using straight-line interpolation.

For 2009, the Compensation Committee established the performance targets in February 2009 based on a review of our short-term and long-term performance against our Peer Group and business performance goals. Typically, the performance targets incorporate objective operational goals that are intended to be challenging at all levels but attainable with increasing difficulty at each level upon achievement of the strategic objectives of the business. For 2009, however, the high level of uncertainty in the external market made it difficult to set business goals. As a result, at its February 2009 meeting, the Compensation Committee set an additional lower level of performance with a commensurately lower level of projected payout in order to provide performance incentives in the event business conditions were weaker than expected in 2009. This level of performance was known as base.

2009 performance targets were set as follows:

Company earnings per share (basic):
Base: $0.69; Threshold: $1.17; Target: $1.38; Maximum: $1.73

Company DWC:
Threshold: 135 Days; Target: 120 Days; Maximum: 105 Days

Logistics and Manufacturing Services PPAT:
Base: $(27.1) million; Threshold: $(21.2) million; Target: $(18.5) million; Maximum: $(13.6) million

Logistics and Manufacturing Services DWC:
Threshold: 133 Days; Target: 128 Days; Maximum: 118 Days

Precision Components PPAT:
Base: $(19.6) million; Threshold: $(12.2) million; Target: $(8.8) million; Maximum: $(4.5) million

Precision Components DWC:
Threshold: 105 Days; Target: 95 Days; Maximum: 85 Days

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Once year-end results are determined, under the provisions of the Bonus Plan, and in accordance with the provisions of Internal Revenue Code Section 162(m), results achieved are determined by excluding extraordinary, unusual or non-recurring items, discontinued operations, and other items specified in the Bonus Plan or MICP, as applicable. The Compensation Committee then retains the discretion to reduce but not increase the amount of the calculated awards that would otherwise be produced. The Compensation Committee also retains the discretionary right to reduce awards to plan participants, including the right to reduce the award to zero, for any other reason it considers appropriate.

As finally determined by the Compensation Committee, the awards are generally paid in February. The results determined for 2009 versus the performance targets were as follows:

- The Company s adjusted (by $.06) basic earnings per share, as calculated under the Bonus Plan as described above, of $.78, was above the base performance goal, and its DWC as adjusted of 120 days was at the target performance goal.

- Logistics and Manufacturing Services PPAT of $(42.0) million was below the base performance goal, and DWC as adjusted of 127 days was above the target performance goal.

- Precision Components PPAT of $(42.3) million was below the base performance goal, and DWC as adjusted of 97 days was above the threshold performance goal.

Accordingly, the amounts shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 25 were paid.

The Compensation Committee believes that the focus on working capital contributed to important sustainable improvements in that regard. For 2010, the Compensation Committee determined that it was appropriate to re-establish corporate revenues for corporate executives and applicable business unit revenues for business unit executives as performance criteria. Accordingly, for 2010, 85% of each executive s annual incentive award opportunity is based on basic earnings per share of the Company or PPAT of the applicable segment (excluding RSP Revenues from the Logistics and Manufacturing Services segment) and 15% is based on applicable revenues compared to predetermined goals, provided that for our executives with leadership responsibility for our business segments, their opportunity will be further based on a combination of corporate and segment performance, so that (a) 40% of their incentive award opportunity will be based on (using an 85%/15% split) basic earnings per share of the Company and corporate revenues, and (b) 60% will be based on (also using an 85%/15% split) the adjusted PPAT and revenues of the applicable segment. In addition, the Compensation Committee discontinued the base level of performance that was established in 2009.

In February 2009, the Compensation Committee made a one-time discretionary bonus award in the amount of $50,000 to Mr. Burris. This award was made upon the recommendation of the Chief Executive Officer for retention purposes and in recognition of strategic and marketing initiatives developed by Mr. Burris which the Compensation Committee believes enhance the prospects for long-term growth of the Precision Components segment.

As part of his agreement with the Company approved by the Compensation Committee when he was hired in January 2009, Mr. Stephens received a signing bonus of $50,000, and, conditioned on his continued employment through the payment date, a second bonus in January 2010 of $124,000 which was provided in lieu of long-term compensation of equivalent value which the Compensation Committee would have otherwise considered granting as part of his first year long-term awards.

Long-Term Equity Incentive Compensation

The long-term incentive opportunities payable in the form of stock options, restricted stock units, performance share awards and performance unit awards granted to an executive are potentially the largest component of annual compensation. As noted above, the Company aims to provide our executives with the opportunity to earn total direct compensation (total annual salary plus short-term incentives plus the fair market value of long-term incentives) that falls between the market median and 75th percentile of the total direct compensation paid to executives at Peer Group and other comparable companies.

Based on its determinations of total compensation and its prior determinations of annual cash compensation for each of the named executive officers, the Compensation Committee determines the value of long-term awards to be made. In determining how much of the long-term portion of total direct compensation should be in stock options and how much in restricted stock units, other equity or performance units for executive officers other than Mr. Milzcik, the Compensation Committee receives and reviews a recommendation by management, assisted by its consultant, on the structure of the equity component. Generally, factors considered in that review included support for a pay for performance culture at the Company, aligning the interests of stockholders and executive officers, past practice, changes in business strategy, competitive practice both generally and within the Peer Group, and the strategic impact of equity-based compensation (*i.e.,* cost effectiveness, stockholder dilution, executive retention, link to Company performance and total stockholder return). Management s recommendations are reviewed by the Compensation Committee s consultant.

For Mr. Milzcik, the Compensation Committee independently develops a mix of equity components of total compensation, using information developed by management for other executives as described above, advice from its consultant and other information as may be viewed by the Compensation Committee to be relevant to their decision.

Performance-based equity compensation that is tied to the market price of the stock and/or that is based on our achieving targeted increases in basic earnings per share results in greater gains to the executive when the stock appreciates for all stockholders, and thus rewards stock performance. Service-based awards provide a strong incentive for recipients to remain with the Company through the vesting periods associated with the awards and to focus on long-term results.

We believe that long-term incentives in the form of equity and cash programs denominated in shares inherently incorporate a higher level of risk than other forms of executive compensation because they are dependent on stock price or stock price appreciation. When coupled with the ownership guidelines described below, equity incentives help to encourage our executive officers to maintain a continuing stake in our long-term success and provide an effective way to tie a substantial percentage of total compensation directly to any increase or decrease in stockholder value.

The types of long-term equity incentive awards that are currently or have been used in recent years under the terms of the Barnes Group Inc. Amended Stock and Incentive Award Plan, which is referred to in this proxy statement as the Barnes Group Inc. Stock and Incentive Award Plan, approved by stockholders in 2006, are summarized below.

Stock Options. Stock options give the holder the right to acquire a share of Company stock at a predetermined exercise price. The exercise price of stock options is set at the mean between the highest and lowest sales price per share at which the common stock is traded on the New York Stock Exchange on the date of grant. Under the plan, the Compensation Committee may not reduce the exercise price of an award after it is granted.

Restricted Stock Units. Restricted stock units entitle the recipient to receive one share of Company common stock, provided the executive is employed over the pre-established restriction period. Restricted stock units have been granted annually since 2001. Service-based restricted stock units are awarded, in particular, to individuals subject to the ownership guidelines discussed below but, as indicated below, are not considered owned under that

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program until the underlying shares are directly held. We believe that restricted stock units have the greatest ability to maximize the retention capability of long-term incentives.

The restriction periods on grants of restricted stock units had historically been up to five years in length. However, in 2003 and 2004, we increased the restriction period for officers to seven years and six and one half years, respectively, and added a performance-accelerated receipt feature. Under this feature, the right to obtain the shares under the awards would accelerate if the market value of our common stock appreciated substantially to a predetermined level and remained at or above that level for 30 consecutive trading days. We added this acceleration feature in conjunction with the longer vesting periods to tie that incentive component directly to our ability to generate superior total stockholder returns.

The stock price appreciation goal for the 2003 and 2004 performance-accelerated awards was attained in May 2006 and June 2007, respectively, resulting in the vesting and distribution to the executive of 50% of the shares at that time and the right to receive the remaining 50% of the shares in May 2007 and June 2008, respectively, provided the executive remained employed by the Company through the applicable date. Executives are prohibited from selling vested and distributed shares (net of shares sufficient to pay applicable federal, state and local taxes) for two years following the applicable distribution date, except in the event of involuntary termination without cause, death, disability or a change in control.

Since 2005, restricted stock unit grants have not contained the performance-accelerated feature. Restricted stock unit awards granted since 2005 have followed a vesting schedule of 1/3 of the units vesting after each of 2-1/2, 3-1/2 and 4-1/2 years. We continue to stagger the dates upon which restrictions lapse in comparison to performance share measurement dates and annual incentive payouts to further encourage executive retention.

From 2006 to 2009**,** all executive officers receiving restricted stock unit awards also received dividend equivalent payments on the same basis as, and in amounts equal to, the quarterly dividend paid on our common stock, except that in 2008, dividend equivalent payments for executives who were also directors were reinvested and then paid in cash on the vesting date of the restricted stock units. We believe that the dividend equivalents help reinforce the retentive nature of the restricted stock units by reminding holders that these outstanding grants carry the potential to increase their stock ownership.

We use restricted stock units rather than traditional restricted stock because restricted stock units can be more effectively administered by the Company as they are not subject to the provisions of Internal Revenue Code Section 83 until the restrictions have been met.

Performance Share Awards. Performance share awards have been used periodically for over 10 years under the Barnes Group Inc. Stock and Incentive Award Plan and predecessor plans. Performance Share Awards were not issued in 2009 and were replaced by the performance unit award program (see below) using basic earnings per share as a measure, with each unit having the same value as a share of Barnes Group stock. Actual payouts, if any, are determined by reference to performance goals in each of three consecutive performance years, using basic earnings per share as the measure.

The basic earnings per share goals are derived from objective operational goals that are intended to be challenging at all levels but attainable with increasing difficulty at each level upon achievement of the strategic objectives of the business. The Compensation Committee establishes the target basic earnings per share goal for each one-year performance year within each three-year performance period prior to the start of, or early in, each performance year based on a review of our short-term and long-term performance compared to the Peer Group (*e.g.,* our relative growth in both earnings per share and revenue, as well as relative total stockholder return). The target performance goal for each performance year up through 2009 within each three-year performance period has been equal to the target performance goal for

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basic earnings per share ($1.38 for 2009) under the annual cash incentive plan described beginning on page 13, except for Mr. Milzcik, for whom the target performance goal was $1.62 for 2009. The threshold and maximum goals are established by the Compensation Committee each year based on its assessment of various factors, including the economic outlook for the performance year, the estimated performance of competitor companies and the expected degree of difficulty of achieving those goals. For 2009, the threshold was set at 85% of target and the maximum was set at 125% of target. In so doing, the Compensation Committee waived a minimum threshold amount requirement of $1.38 provided for in the performance share agreements for executive officers other than Mr. Milzcik to reflect the revised outlook for the Company in a challenging business environment. The basic earnings per share determined for 2009 were the same for the performance share awards and the annual cash incentive plan (adjusted as indicated) described beginning on page 11, which were below the threshold 2009 goal for performance shares for all executive officers.

Performance share awards accrue dividends which are paid at the same time and rate as the underlying shares, if earned. If any portion of the performance shares is not earned, the underlying accrued dividends applicable to the unearned performance shares are reversed and not distributed.

Performance Unit Awards. Commencing in 2009, the Company has granted performance unit awards in lieu of performance share awards with each unit having the same value as a share of our common stock. Payout of the performance unit awards is tied to accomplishment of predetermined levels of basic earnings per share. If the performance criteria are met, the performance unit awards pay out in cash rather than stock over time in amounts equal to the market value of a share of the Company s common stock multiplied by the number of units earned. As in the case of the prior performance share awards, the target performance goal for 2009 within the first three-year performance period of performance unit awards was equal to the target performance goal for basic earnings per share ($1.38 for 2009) under the annual cash incentive plan, including for Mr. Milzcik. Also, based on the same factors as applicable to the performance share awards, the threshold and maximum goals for performance unit awards are established by the Compensation Committee each year. For 2009, the threshold was set at 85% of target and the maximum was set at 125% of target. The basic earnings per share determined for 2009 for the performance unit awards were the same as that determined for the annual cash incentive plan (adjusted as indicated) described beginning on page 11, which were below the threshold 2009 goal. No dividend equivalents are paid with respect to these awards. The use of performance units instead of restricted stock units or performance units reduces the annual burn rate of stock under the Company s equity compensation plans.

Within the categories of long-term compensation, the mix during recent years has progressively moved from 100% stock options to approximately one-third for each of (a) stock options, (b) performance shares or units and (c) restricted stock units (based on a predetermined, calculated value of the underlying shares that the executive will realize if fully earned) for named executive officers (other than Mr. Milzcik, and Mr. Burris and Mr. Dempsey as affected by the respective changes in their positions in the past three years). This change in mix has been implemented in order to provide our officers with a strong incentive to continue their successful tenures with the Company and to focus on long-term share price appreciation. In 2001, we began to reduce our reliance on stock options in order to minimize concerns about the overhang (*i.e.*, dilution) created by our existing number of stock options. Frederic W. Cook & Co., Inc. annually measures and reports to the Compensation Committee the Company s overhang and burn rate.

The specific mix of long-term compensation awards to Mr. Milzcik for 2009 was approximately 35% stock options, 31% performance units and 34% restricted stock units which differs only slightly from the mix of equity awards for other named executive officers. Mr. Burris and Mr. Dempsey did not receive

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long-term compensation awards in the 2008 grant cycle because of the decision in 2007 to accelerate the grant of their 2008 long-term incentives by one year (with extended vesting to coincide with that of the 2008 stock grants). This decision was due in part to the direct and significant impact on the operating results of the Company of Mr. Burris and Mr. Dempsey s roles as operating executives, their relatively short tenures in those roles, and their correspondingly low level of overall equity incentives from prior years grants. In 2009, Mr. Burris and Mr. Dempsey each received special supplemental long-term awards. These awards were, based on grant date value, in equal values of restricted stock units with time-based vesting, and performance unit awards. The total value at grant to each recipient was $500,000. These additional grants had similar vesting terms to awards provided to other named executive officers and were granted to promote retention of Mr. Burris and Mr. Dempsey by providing each with substantial unvested long-term compensation.

The determination as to the vesting of long-term awards is based on the Company s goal of maximizing the retention value of awards. The vesting dates of the various long-term equity awards are staggered over a retention timeline calculated for each executive. Thus, in a year when both options and restricted stock units are granted, the vesting dates generally are structured to occur over different periods of time.

Except with respect to the timeline for vesting, the Compensation Committee does not take into account the amounts or terms of existing stock holdings of executive officers in making decisions to award equity compensation because it believes that doing so would have the effect of penalizing success, to the extent that compensation might be reduced based on the appreciation of past awards, or rewarding underperformance, to the extent that compensation might be awarded to make up for lack of appreciation in stock price.

Long-term awards are determined according to the individual executive s position and responsibilities, and based on Peer Group and competitive survey data. Generally, the amounts and types of awards to officers in comparable positions have not been differentiated for individual performance, as the nature of their positions with the Company requires that they be performing and achieving results at a very high level within their positions and in connection with the Company s strong bias for pay for performance. This also aids in the cultivation of teamwork across the officer team, and devalues competitiveness among the officers. Awards are structured to encourage both long-term performance of the Company as well as individual retention.

Except under unusual circumstances, all equity grants to executive officers have for a number of years been made by the Compensation Committee at its February meeting, the date for which is set during the prior year. In recent years, the only off-cycle equity grants made to executive officers have been in the cases of newly hired executives or promotions. In all cases, such grants have been approved by the Compensation Committee.

Generally, unearned equity grants are forfeited immediately in the event of an executive s termination of employment; the primary exceptions, which can vary across different types of awards, are for (1) terminations of employment due to death, disability or retirement, in which case the awards vest or are forfeited as applicable in accordance with the specific agreements underlying the individual grants, and (2) with respect to Mr. Milzcik, his termination without Cause or for Good Reason (each as defined in his employment agreement), in which case the stock options continue to vest during the severance period and remain exercisable for one year thereafter and awards other than stock options vest at the time of termination to the extent they would have vested had his employment continued during the severance period, with target performance goals deemed to be achieved in the case of performance share awards. The exception for retirement is available only if the executive satisfies specified age and minimum Company service requirements and renders a minimum period of service, typically, up to two years from the date of grant for restricted stock units (one year in the case of units granted in February 2008 and 2009) and one year from the date of grant for stock options.

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Beginning in 2000, we instituted stock ownership guidelines under which our executives are expected to acquire and hold a substantial ownership of our common stock for the duration of the executive s tenure with us. This program extends to executives and key managers who are expected to accumulate an ownership position in Company common stock in a minimum amount equal in value to a specified multiple of their annual salary. Ownership for this purpose is defined to include common stock owned directly and stock held on their behalf within the trust under the Barnes Group Inc. Retirement Savings Plan (our tax-qualified 401(k) retirement plan for eligible employees). Unexercised stock options, and unearned restricted stock unit awards and performance share awards are not counted until the related stock is directly owned.

The current stock ownership guidelines that apply to our executives and key managers (36 persons at December 31, 2009) are as follows:

Position	Multiple of Annual Salary
Chief Executive Officer	5x
All Other Executive Officers	3x
Non-Officers (U.S./Non-U.S.)	1x/0.45x

When a participant achieves compliance with the applicable guideline requirement, the multiple of salary requirement for that position converts into the number of shares that were then needed to meet the requirement, thereby not subjecting compliance to subsequent variability of the stock price, unless shares are sold and the participant falls out of compliance which, in turn, causes the market value for shares held to again be the measurement of compliance by such participant. We have established interim ownership targets that are used to monitor progress toward the targets. We monitor ownership levels, reporting the levels to the Compensation Committee and sending update letters to participants at least annually. Executives and key managers subject to the ownership guidelines as of the end of 2009 are expected to achieve the applicable guideline within six years, provided that if the participant sells any shares before achieving the applicable guideline, the target will be reduced to five years. As of the end of 2009, all of the executives and key managers with five or more years under the program had complied with the guidelines. Mr. Milzcik had attained the higher 5x multiple associated with his role as President and Chief Executive Officer as of December 31, 2006.

The Compensation Committee has discretion to vary the manner of payment of annual incentive awards, for example, to pay an individual s annual incentive in stock instead of cash, or to take other actions as it deems appropriate at that time to encourage compliance with the guidelines; however, the Compensation Committee has not had to utilize that discretion in the seven years the program has been in place.

Pension and Other Retirement Programs

As described on pages 38 through 43 of this proxy statement, the Company provides retirement benefits under the Salaried Retirement Income Plan, Supplemental Senior Officer Retirement Plan, Retirement Benefit Equalization Plan, Supplemental Executive Retirement Plan, and Deferred Compensation Plan adopted in 2009. Not all of the named executive officers participate in all of these plans. Pursuant to the Company s Senior Executive Enhanced Life Insurance Program, the Company also pays the premiums for a life insurance policy owned by each officer and pays the officer s income tax liability arising from its payment of the premiums and taxes. The Company continues to make these payments after retirement, if the officer retires after attaining age 55 with at least 10 years of service.

The Company provides these benefits to help recruit and retain executives, with particular emphasis on attracting and retaining mid-career executive talent. Thus, for example, under the Supplemental Senior

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Officer Retirement Plan, benefit amounts are significantly reduced if an executive leaves the Company before attaining age 62 or with less than 15 years of service. Each retirement program is designed to fulfill a specific purpose; the Retirement Benefit Equalization Plan, for example, is intended to provide executives with pensions that represent the same percentage of pay as is provided to lower-paid employees through the Salaried Retirement Income Plan but that cannot be provided through that plan due to limits imposed by the Internal Revenue Code.

Change-in-Control and Employment Termination Benefits

As described on pages 44 through 54 of this proxy statement, we provide executive officers benefits in the event of a change in control or employment termination under employment and severance agreements, stock grant agreements accompanying individual grants, the Executive Separation Pay Plan, and benefit plans available to employees generally. The amount the Company will pay under these arrangements is determined under the terms of the individual arrangements and in some cases varies depending on the executive s age and length of service. In addition to these arrangements, as detailed on page 46 of this proxy statement in the subsection entitled Termination Provisions of Employment and Severance Agreement Agreements with Mr. Boyle on January 12, 2009 and February 22, 2010, the Company entered into agreements providing for, in specified circumstances, retention incentive payments to Mr. Boyle, a former acting chief financial officer and chief accounting officer of the Company, payable after his retirement, and a consulting agreement for services to be provided by Mr. Boyle following his retirement in 2010. Also, as detailed on page 46 of this proxy statement in the subsection entitled Termination Provisions of Employment and Severance Agreements Agreement with Ms. Gates on February 24, 2010 the Company entered into a consulting agreement with Ms. Gates, who at that time was the Company s Senior Vice President, General Counsel and Secretary for services to be provided by Ms. Gates following her retirement in 2010. The Compensation Committee believes that these agreements with Mr. Boyle and Ms. Gates are reasonable and appropriate to help transition new officers into their positions following their retirements.

The Company provides change-in-control benefits specifically to retain key executives during potential changes in control, to provide continuity of management and to provide income continuation for employees who are particularly at risk of involuntary termination in the event of a restructuring. We also believe that these benefits are a necessary part of a total compensation package in order to make it competitive in the marketplace so that we can attract and retain key executives.

Perquisites and Other Benefits

Because of the terms of competitive benefits packages available to senior executives in our industry and generally, we believe that a limited amount of executive benefits is a necessary element to attracting and retaining key executives. In 2008, the Compensation Committee determined to limit specific executive benefits to financial planning assistance and an annual physical fitness examination because it wants to ensure that executives avail themselves of these particular benefits. In lieu of any other executive benefits, the Compensation Committee also determined in 2008 to provide each of the executives a cash benefits allowance, in the amounts for the named executive officers reflected in the Summary Compensation Table. Executives also receive the same benefits that are provided to substantially all of our salaried employees. The Compensation Committee reviews the nature and amounts of benefits annually to determine appropriateness and to ensure that they continue to be reflective of competitive practice, and retains the right to amend or terminate any such benefits or perquisites.

Compensation of the Chief Executive Officer

The policies and process for decisions regarding the compensation of our Chief Executive Officer are substantially the same as for the other executive officers of the Company except as described below.

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Certain of the elements and amounts of compensation payable to the Chief Executive Officer are provided for in the employment agreement between the Chief Executive Officer and the Company, the material terms of which are summarized in this proxy statement beginning on pages 30 and 44 and below under the heading Compensation Recapture. With regard to process, as noted on page 10 of this proxy statement, while Mr. Milzcik provides the Compensation Committee a performance assessment for each of the other named executive officers and makes recommendations on behalf of management for executive officer compensation, with regard to his own performance, he provides the Compensation Committee a self-appraisal and every member of the Board of Directors completes an evaluation with regard to Mr. Milzcik, and participates in an executive session discussion regarding his performance.

Based on its compilations of competitive compensation data, in December 2009, Frederic W. Cook & Co., Inc. reported that Mr. Milzcik s projected total direct compensation (2009 salary, 2008 bonus paid in 2009, and 2009 long-term awards) was below the median of competitive practice, with actual salary at the 31st percentile, target annual bonus at the 34th percentile and annualized projected long-term incentives between the median and 75th percentile of the total direct compensation provided to chief executive officers of Peer Group companies. On January 26, 2009, given difficult economic conditions, the Company announced that among other business improvement measures, it had frozen salaries (except in the case of promotions) for all salaried employees, including Mr. Milzcik.

Compensation Recapture

The Company s employment agreement with Mr. Milzcik and an Incentive Compensation Reimbursement Agreement between the Company and Mr. Stephens each provide for, in certain circumstances, a claw-back of any cash or equity awards earned by these executives that are based on achieving specified financial performance targets if, subsequent to the awards, the Company restates financial results (with exceptions for restatements not caused by misconduct or error) to comply with generally accepted accounting principles and, as a result, financial results are lower than those upon which awards were calculated. The amount to be potentially clawed back is the excess of awards received (net of taxes paid by the executive) over those which would have been earned based on restated financial results. However, the claw-back provision does not apply to amounts received by the executive with regard to equity-based compensation that has a vesting schedule based on the passage of time and the continued performance of services, and not on the achievement of any performance objectives or to any award granted to the executive that has or had alternative vesting criteria unrelated to the performance objectives affected by the mandatory restatement that have otherwise been satisfied at the time of the mandatory restatement. In addition, if the executive concludes that the amount to be repaid to the Company in accordance with the claw-back provisions is excessive and inequitable, he may petition the Compensation Committee to review that determination. If the Compensation Committee agrees with the executive s conclusion, it shall, in its sole discretion, specify an amount to be repaid to the Company that it concludes is equitable and appropriate under the circumstances. If the Compensation Committee does not agree that the formula produces a result that is excessive and inequitable, no adjustment will be made in the amount to be repaid to the Company. The determination, conclusions and other actions of the Compensation Committee will be conclusive.

In addition, the Company s equity award agreements provide that awards may be forfeited if an executive engages in activity that is detrimental to the Company including performing services for a competitor, disclosing confidential information or otherwise violating the Company s Code of Business Ethics and Conduct.

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Accounting Considerations

Part of the shift in the form of equity compensation from options to restricted stock units and, beginning in 2005, to performance share awards for all executives, has been a response to the requirement that we expense equity awards in accordance with ASC 718 beginning in 2006. This requirement has resulted in significantly higher recognized expenses in the equity component of our long-term incentives. As a result, we have taken measures to ensure our equity granting practices remain competitive but also cost effective (*e.g.,* shifting from stock options to a combination of stock options and other vehicles and adjusting both our grant guidelines and participation eligibility). In determining how to allocate shares available for awards each year, we look at the grant date fair value of each type of award and the amount that would be expensed in each year over the life of the award.

Tax Considerations

The tax treatment of various forms and amounts of compensation as well as the timing of compensation decisions are affected by the Compensation Committee s intent to make most compensation deductible. Section 162(m) of the Internal Revenue Code places a limit of $1 million on the compensation that the Company may deduct in any one year with respect to each of its most highly compensated executive officers, unless certain conditions are met. There is an exception to the $1 million limitation for performance-based compensation meeting certain requirements.

- Annual cash incentive compensation, stock option awards, and performance share awards generally are performance-based compensation meeting those requirements and, as such, are fully deductible.

- Time-vested restricted stock and restricted stock unit awards are not performance-based and are therefore not deductible to the extent they (along with other non-performance-based pay received by the named executive officer) exceed $1 million.

The Compensation Committee reserves the right to grant forms of compensation that do not qualify as performance-based compensation. This can occur where a non-performance-based form of compensation would serve a different, equally important, corporate goal. Thus, for retention purposes, the Compensation Committee may decide to grant restricted stock or restricted stock units without performance requirements, rather than limiting itself to awards that would be deductible.

In addition, the Company has determined that Section 409A of the Internal Revenue Code applies to certain of the Company s compensation arrangements including without limitation the Supplemental Senior Officer Retirement Plan, Retirement Benefit Equalization Plan, Supplemental Executive Retirement Plan and Deferred Compensation Plan adopted in 2009. The Company intends to administer those arrangements in compliance with Section 409A and believes it has operated in compliance with the statutory provisions which first became effective on January 1, 2005. In 2008, the Company made a series of amendments to these arrangements to comply with current Section 409A regulations. In addition, to comply with Section 409A and due to a change in law relating to Section 162(m), the Company and Mr. Milzcik agreed to amendments to his employment agreement, the terms of which are summarized in this proxy statement beginning on pages 30 and 44.

As of December 31, 2008, the Company limited participation in the Supplemental Senior Officer Retirement Plan to senior executive officers then in place. In 2009, the Company established the Deferred Compensation Plan for senior officers who were hired or promoted to eligible positions beginning January 1, 2009. This program provides for a defined contribution by the Company, currently set at 20% of base salary and bonus in excess of the qualified plan compensation limit (which was $245,000 in 2009 and remains at that level in 2010), and is designed to provide, with the other components of the retirement program, a replacement of a portion of pre-retirement base salary and bonus. In 2009, Mr. Stephens participated in this program.

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The Company also periodically reviews the severance agreements entered into between the Company and the named executive officers to assess the impact of Internal Revenue Code Section 280G. The severance agreements do not provide for any gross up to compensate our executives for taxes incurred under Section 4999 of the Internal Revenue Code as a consequence of golden parachute payments upon a change in control, nor do they preclude the possibility that, in certain circumstances, the compensation payable in the event of a change in control under the agreements or other plans and arrangements may be non-deductible by the Company under Internal Revenue Code Section 280G.

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Compensation Committee Report

To Our Fellow Stockholders at Barnes Group Inc.

We, the Compensation and Management Development Committee of the Board of Directors of Barnes Group Inc., have reviewed and discussed the Compensation Discussion and Analysis set forth above with management and, based on such review and discussion, have recommended to the Board of Directors inclusion of the Compensation Discussion and Analysis in this proxy statement.

Compensation Committee

Gary G. Benanav, Chairman

Thomas J. Albani

John W. Alden

George T. Carpenter

Frank E. Grzelecki

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Summary Compensation Table for 2009, 2008 and 2007

The following table sets forth aggregate amounts of compensation information for the years ended December 31, 2009, 2008 and 2007 for services rendered in all capacities, by our Chief Executive Officer, our Chief Financial Officer, our former Acting Chief Financial Officer, and the three other most highly compensated executive officers, for the fiscal year ended December 31, 2009 (the named executive officers).

Name and Principal Position	Year	Salary	Bonus[1]	Stock Awards[2]	Option Awards[3]	Non-Equity Incentive Plan Compensation[4]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5]	All Other Compensation[6]	Total
Gregory F. Milzcik	2009	$ 800,000	$	$ 1,305,300	$ 837,207	$ 151,200	$ 444,824	$ 237,774	$ 3,776,305
President and Chief	2008	775,000		1,557,866	557,525	149,430	156,795	229,558	3,426,174
Executive Officer	2007	641,667		913,502	321,594	1,477,421	396,567	406,880	4,157,631
Christopher J. Stephens Senior Vice President, Finance and Chief Financial Officer	2009	394,096	50,000	155,720	91,839	51,030	18,008	98,573	859,266
Francis C. Boyle, Jr.	2009	300,000		82,440	52,165	26,460	294,670	362,018	1,117,753
Vice President, Chief Accounting Officer, and Former Acting Chief Financial Officer	2008	334,500		89,692	45,421	29,419	243,351	93,684	836,067
Jerry W. Burris Vice President, Barnes Group Inc. and President, Precision Components	2009	405,000	50,000	744,250	156,861	35,964	91,300	76,901	1,560,276
Patrick J. Dempsey	2009	405,000		744,250	156,861	50,625	135,070	76,504	1,568,310
Vice President, Barnes	2008	405,000	202,500				107,994	210,657	926,151
Group Inc. and President, Logistics and Manufacturing Services	2007	354,058		368,036	577,220	536,402	103,923	152,709	2,092,348
Signe S. Gates	2009	358,000		222,130	142,167	40,597	436,363	123,460	1,322,717
Senior Vice President,	2008	354,750		237,420	129,774	40,122	289,422	120,445	1,171,933
General Counsel and Secretary	2007	341,750		241,218	129,580	436,895	368,849	99,760	1,618,052

Notes to the above table:

1 The amount listed in Bonus for Mr. Stephens for 2009 represents a $50,000 sign-on bonus. The amount listed in Bonus for Mr. Burris for 2009 represents a one-time discretionary retention bonus. The amount listed in Bonus for Mr. Dempsey for 2008 represents a non-equity guaranteed bonus paid in connection with his appointment as a segment President.

2 Stock Awards represent the aggregate grant date fair value of restricted stock units, performance share units, and performance unit plan awards granted to named executive officers under the Barnes Group Inc. Stock and Incentive Award Plan. Performance unit plan awards are denominated in units with each unit being equivalent in value to one share of Common Stock and are payable in cash. The performance unit plan awards vest upon satisfying established performance goals. The value disclosed in this column for the performance units represents the amount of compensation if target goals are met. The maximum grant date fair value of the performance units granted in 2009 was $815,813 for Mr. Milzcik, $104,481 for Mr. Stephens, $51,525 for Mr. Boyle, $465,156 for each of Messrs. Burris and Dempsey, and $138,831 for Ms. Gates. For 2009, however, no payments were made for the performance unit plan awards as the target goals were not met. The fair value was determined based on the market value of Common Stock on the date of grant, as described in Note 14 (Stock-Based Compensation) of the Notes to the Company s Consolidated Financial Statements included in the each of the Company s Forms 10-K filed for the three fiscal years in the period ended December 31, 2009.

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3 Option Awards represent the aggregate grant date fair value of stock options granted to named executive officers under the Barnes Group Inc. Stock and Incentive Award Plan. The fair value was determined by using the Black-Scholes option pricing model applied consistently with the Company s practice , as described in Note 14 (Stock-Based Compensation) of the Notes to the Company s Consolidated Financial Statements included in each of the Company s Forms 10-K filed for the three fiscal years in the period ended December 31, 2009.

4 Non-Equity Incentive Plan Compensation includes amounts paid under the Company s Performance-Linked Bonus Plan for Messrs. Milzcik, Stephens, Burris, and Dempsey, and Ms. Gates and the Management Incentive Compensation Plan for Mr. Boyle.

5 The amount listed in Change in Pension Value and Nonqualified Deferred Compensation Earnings represents the annual increase in pension value for all of Barnes Group Inc. s defined benefit retirement programs. All assumptions are as detailed in the notes to the Consolidated Financial Statements for the fiscal years ending December 31, 2009, December 31, 2008 and December 31, 2007, with the exception of the following: retirement age for all plans is assumed to be the older of the unreduced retirement age, as defined by each plan, or age as of December 31, 2009 or December 31, 2008 or December 31, 2007, as applicable, and no pre-retirement mortality, disability, or termination is assumed. The U.S. discount rates of 6.2%, 6.5% and 6.4%, respectively, are detailed in the Management Discussion & Analysis of the Company s Forms 10-K filed for the three fiscal years in the period ended December 31, 2009.

The Change in Pension Value and Nonqualified Deferred Compensation Earnings is segregated by plan in the following table:

Name and Principal Position	Plan Name	Year	Amounts
Gregory F. Milzcik	Qualified	2009	$ 60,560
	RBEP	2009	N/A
President and Chief Executive Officer	SSORP	2009	340,546
	SERP	2009	43,718
	TOTAL	**2009**	**444,824**
	Qualified	2008	$ 31,785
	RBEP	2008	N/A
	SSORP	2008	109,595
	SERP	2008	15,415
	TOTAL	**2008**	**156,795**
	Qualified	2007	$ 13,427
	RBEP	2007	N/A
	SSORP	2007	344,168
	SERP	2007	38,972
	TOTAL	**2007**	**396,567**
Christopher J. Stephens	Qualified	2009	$ 16,313
	RBEP	2009	N/A
Senior Vice President, Finance	SSORP	2009	
and Chief Financial Officer	SERP	2009	N/A
	TOTAL	**2009**	1,695
			18,008
Francis C. Boyle, Jr.	Qualified	2009	$ 181,400
	RBEP	2009	82,887
Vice President, Chief Accounting Officer,	SSORP	2009	N/A
and Former Acting Chief Financial Officer	SERP	2009	30,383
	TOTAL	**2009**	**294,670**
	Qualified	2008	$ 98,520
	RBEP	2008	119,726
	SSORP	2008	N/A
	SERP	2008	25,105
	TOTAL	**2008**	**243,351**

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Name and Principal Position	Plan Name	Year	Amounts
Jerry W. Burris	Qualified	2009	$ 25,572
	RBEP	2009	N/A
Vice President, Barnes Group Inc. and President, Precision Components	SSORP	2009	55,949
	SERP	2009	9,779
	TOTAL	**2009**	**91,300**
Patrick J. Dempsey	Qualified	2009	$ 41,093
	RBEP	2009	N/A
Vice President, Barnes Group Inc. and President, Logistics and Manufacturing Services	SSORP	2009	81,262
	SERP	2009	12,715
	TOTAL	**2009**	**135,070**
	Qualified	2008	$ 23,346
	RBEP	2008	N/A
	SSORP	2008	74,474
	SERP	2008	10,174
	TOTAL	**2008**	**107,994**
	Qualified	2007	$ 12,982
	RBEP	2007	N/A
	SSORP	2007	81,144
	SERP	2007	9,797
	TOTAL	**2007**	**103,923**
Signe S. Gates	Qualified	2009	$ 106,563
	RBEP	2009	N/A
Senior Vice President, General Counsel and Secretary	SSORP	2009	268,383
	SERP	2009	61,417
	TOTAL	**2009**	**436,363**
	Qualified	2008	$ 66,797
	RBEP	2008	N/A
	SSORP	2008	222,625
	SERP	2008	N/A
	TOTAL	**2008**	**289,422**
	Qualified	2007	$ 41,714
	RBEP	2007	N/A
	SSORP	2007	327,135
	SERP	2007	N/A
	TOTAL	**2007**	**368,849**

Consistent with financial calculations in the notes to the Consolidated Financial Statements for the fiscal years ending December 31, 2009, December 31, 2008 and December 31, 2007, it is assumed that the form of payment is a life annuity for the Salaried Retirement Income Plan (Qualified), the Retirement Benefit Equalization Plan (RBEP), and the Supplemental Executive Retirement Plan (SERP). It is assumed that the form of payment as of December 31, 2009 is life annuity for the Group I Supplemental Senior Officer Retirement Plan (SSORP) participants and the form of payment as of December 31, 2009 is 5 year installments (which are actuarially equivalent to the life annuity) for Group II SSORP participants. The 2009, 2008 and 2007 qualified plan limits of $245,000, $230,000 and $225,000, respectively, have been incorporated.

[a] The prior plan offset benefit payable on record for Mr. Milzcik represents an estimated benefit. The prior plan offset benefit payable as of age 62 for Mr. Burris is assumed to be zero.

[b] The amount listed in this column for Mr. Stephens assumes that he will vest under the Barnes Group 2009 Deferred Compensation Plan.

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The compensation represented by the amounts for 2009 set forth in the All Other Compensation column for the named executive officers is detailed in the following table:

Name and Principal Position	Year	Taxes Paid on All Other Compensation	Personal Usage of Company Aircraft[a]	Life Insurance Premiums	Boyle Agreement[b]	Perquisite Allowance[c]	Deferred Compensation Plan[d]	Other[e]	All Other Perquisites[f]	Total
G. F. Milzcik President and Chief Executive Officer	2009	$ 45,986	$ 99,833	$ 63,301	$	$ 25,000	$	$ 3,450	$ 204	$ 237,774
C. J. Stephens Senior Vice President, Finance and Chief Financial Officer	2009	19,343		22,860			29,819	2,700	23,851	98,573
F.C. Boyle, Jr. Vice President, Chief Accounting Officer, and Former Acting Chief Financial Officer	2009	28,151		33,830	266,541	25,000		3,450	5,046	362,018
J. W. Burris Vice President, Barnes Group Inc. and President, Precision Components	2009	20,349		27,950		25,000		3,450	152	76,901
P.J. Dempsey Vice President, Barnes Group Inc. and President, Logistics and Manufacturing Services	2009	21,300		23,482		25,000		3,450	3,272	76,504
S.S. Gates Senior Vice President, General Counsel and Secretary	2009	39,904		52,777		25,000		3,450	2,329	123,460

[a] The value of the personal usage of the Company aircraft is based on the aggregate incremental cost to the Company which is based on actual payments made by the Company for the use of the aircraft for the named executive officers.

[b] Includes compensation payable to Mr. Boyle pursuant to his agreement with us dated January 12, 2009 (the Boyle Agreement).

[c] Payments made to Messrs. Milzcik, Boyle, Burris, Dempsey, and Ms. Gates for the annual cash perquisite allowance which is payable in monthly installments. This allowance became effective October 1, 2008 and is in lieu of the Company Car Program and payments made for club memberships and cell phone expenses.

[d] The amount listed as deferred compensation for Mr. Stephens includes employer contributions to the 2009 Deferred Compensation Plan. Refer to the Nonqualified Deferred Compensation Table for further details of the plan.

[e] Consists of matching contributions made by the Company under the Retirement Savings Plan for the named executive officers.

[f] Included in All Other Perquisites are payments made for financial planning services for Messrs. Stephens, Boyle, and Dempsey, and Ms. Gates; executive physical examinations for Ms. Gates; gifts for Messrs. Milzcik, Stephens, Boyle, Burris, and Dempsey, and Ms. Gates; Company-paid office parking for Mr. Dempsey; and payments made for the annual cash perquisite allowance for Mr. Stephens.

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Grants of Plan-Based Awards in 2009

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)[3]	Exercise or Base Price of Option Awards ($/Sh)[4]	Grant Date Fair Value of Stock and Option Awards ($)
G.F. Milzcik	2/10/2009								227,900	11.45000	837,207
	2/10/2009[2]	326,325	652,650	815,813							652,650
	2/10/2009							57,000			652,650
	[1]	34,800	600,000	1,800,000							
C.J. Stephens, Jr.	2/10/2009								25,000	11.45000	91,839
	2/10/2009[2]	41,793	83,585	104,481							83,585
	2/10/2009							6,300			72,135
	[1]	11,745	202,500	607,500							
F.C. Boyle, Jr.[6]	2/10/2009								14,200	11.45000	52,165
	2/10/2009[2]	20,610	41,220	51,525							41,220
	2/10/2009							3,600			41,220
	[1]	6,090	105,000	315,000							
J.W. Burris[5]	2/10/2009								42,700	11.45000	156,861
	2/10/2009[2]	61,258	122,515	153,144							122,515
	2/10/2009[2]	124,805	249,610	312,013							249,610
	2/10/2009							10,700			122,515
	2/10/2009							21,800			249,610
	[1]	11,745	202,500	607,500							
P.J. Dempsey[5]	2/10/2009								42,700	11.45000	156,861
	2/10/2009[2]	61,258	122,515	153,144							122,515
	2/10/2009[2]	124,805	249,610	312,013							249,610
	2/10/2009							10,700			122,515
	2/10/2009							21,800			249,610
	[1]	11,745	202,500	607,500							
S. S. Gates[6]	2/10/2009								38,700	11.45000	142,167
	2/10/2009	55,533	111,065	138,831							111,065
	2/10/2009							9,700			111,065
	[1]	9,344	161,100	483,300							

Notes to the above table:

1 This row sets forth the range of the potential amounts payable under the Performance-Linked Bonus Plan for Selected Executive Officers or in Mr. Boyle s case, the Management and Incentive Compensation Plan.

2 This row sets forth the range of the number of performance units, payable in cash, granted in 2009 under the Barnes Group Inc. Stock and Incentive Award Plan.

3 Stock options granted under the Barnes Group Inc. Stock and Incentive Award Plan are described in the Outstanding Equity Awards At End of 2009 table.

[4] Each option has an exercise price equal to the fair market value of Common Stock at the time of grant, as determined by the mean between the highest and lowest stock price of shares of Common Stock on the grant date or the most recent previous fair market value if the market is not open on the grant date.

[5] Messrs. Burris and Dempsey received supplemental stock options, restricted stock units and performance unit plan awards in 2009.

[6] Mr. Boyle retired on February 28, 2010 and Ms. Gates retired on March 31, 2010. Unvested stock options and restricted stock unit awards were forfeited on their respective retirement dates.

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Discussion Concerning Summary Compensation and Grants of Plan-Based Awards Tables

Employment Agreement

Mr. Milzcik s Employment Agreement. We have an employment agreement with Gregory F. Milzcik, our President and Chief Executive Officer. The terms of the agreement that relate to his compensation are described below. The terms that relate to termination and change-in-control are set forth under Termination Provisions of Employment and Severance Arrangements.

On December 13, 2006, we entered into an employment agreement with Mr. Milzcik which was effective as of October 19, 2006, the date he became the President and Chief Executive Officer of the Company, which was amended as of December 31, 2007, as of December 31, 2008, and January 19, 2009 (collectively, the agreement). The agreement provides for Mr. Milzcik s employment through October 19, 2011, and for automatic annual extensions for successive one-year terms unless either party provides 90 days prior written notice that the agreement will not be extended. In no event will his employment term extend beyond October 19 of the calendar year in which he attains age 65.

The agreement provides for the following compensation and benefits for Mr. Milzcik:

- The agreement set forth his annual base salary in his capacity of President and Chief Executive Officer. His initial salary was $600,000. His annual base salary is currently $875,000. Further increases are subject to the discretion of the Compensation Committee.

- The agreement provides that he is to receive an annual bonus pursuant to the Performance-Linked Bonus Plan for Selected Executive Officers. For 2007, the agreement provided that Mr. Milzcik had the opportunity under the Performance-Linked Bonus Plan for Selected Executive Officers to receive an annual bonus equal to:

  - 75% of his salary upon the attainment of the applicable performance goals established by the Compensation Committee as the target level,

  - a maximum annual bonus of 225% of his salary upon the attainment of the applicable performance goals established by the Compensation Committee as the maximum level,

  - 18.75% of his salary upon the attainment of the applicable performance goals established by the Compensation Committee as the threshold level, or

  - $0, if the attainment of the applicable performance goals was at a level below that established by the Compensation Committee as the threshold level.

After 2007, the Compensation Committee has the discretion to change the structure and payment terms of Mr. Milzcik s awards under the Performance-Linked Bonus Plan for Selected Executive Officers at threshold, target and maximum levels of performance, provided that Mr. Milzcik s annual bonus opportunity for each calendar year, upon achieving target level performance for such year, shall not be less than 75% of his then current salary.

- Mr. Milzcik participates in our long-term incentive plan, the Barnes Group Inc. Stock and Incentive Award Plan, with award levels, performance targets, vesting and other terms as established from time to time by the Compensation Committee. Pursuant to the terms of the agreement, on February 14, 2007, the Compensation Committee granted Mr. Milzcik a long-term incentive grant with an approximate aggregate calculated value equal to 200% of salary ($1.2 million), as follows:

25% ($300,000) of the aggregate calculated value, using the binomial valuation method applied consistently with the Company s practice, in the form of non-qualified Common Stock options with a ten-year term that vest ratably 18, 30 and 42 months after the grant date;

50% ($600,000) of the aggregate calculated value based on the market value of the Common Stock on the date of grant, in the form of a performance share award that vests, subject to achieving earnings per share targets set by the Compensation Committee, over a three-year period beginning January 1, 2007. The number of shares actually earned ranges from 0 to 125% of target, based on actual performance against basic earnings per share targets; and

25% ($300,000) of the aggregate calculated value, using the binomial valuation method applied consistently with the Company s practice, in the form of service-based restricted stock units that will vest ratably 30, 42 and 54 months after the grant date.

Mr. Milzcik participates in all benefit plans and perquisites which we make available to senior executives from time to time, on a basis commensurate with his position. His agreement provides that we may, at any time or from time to time, amend or terminate any of our employee benefit plans, programs or policies, in which event such amendments and terminations may be applied to Mr. Milzcik in the same manner as to our other executive officers. Subject to the foregoing, his agreement provides that benefits for Mr. Milzcik shall include, without limitation, the following:

Life Insurance. Pursuant to Mr. Milzcik s participation in our Senior Executive Enhanced Life Insurance Program, we will pay premiums for a life insurance policy on the life of Mr. Milzcik. The insurance policy is owned by Mr. Milzcik and will have a death benefit equal to four times his salary. We will gross up Mr. Milzcik for any income tax attributable to the premiums paid by us in accordance with the Senior Executive Enhanced Life Insurance Program.

Financial Planning. We will reimburse Mr. Milzcik in an amount up to $5,000 for financial planning assistance and related services for each program year during his term of employment (for the 2006-2007 program year, the agreement provided that such amount would be up to $20,000 and would take into account amounts reimbursed in respect of financial planning and assistance and related services for the portion of the program year prior to October 19, 2006), in each case grossed-up for income taxes.

Leased Automobile and Club Membership. We will provide Mr. Milzcik with either (a)(i) the use of a leased car with a monthly leasing cost to the Company not to exceed $1,131 per month, (ii) reimbursement for other expenses associated with the use of such leased car, in either case, in accordance with the Company s automobile policy as from time to time in effect, and (iii) reimbursement (not grossed-up for taxes) in accordance with Company policy as in effect from time to time for membership in one club, or (b) provide an annual cash allowance of $25,000, payable in monthly installments, in lieu of providing the prior referenced benefits.

Under certain circumstances, as further detailed in the subsection entitled Compensation Recapture on page 21 of this proxy statement, the agreement provides for a claw-back of certain cash or equity awards earned by Mr. Milzcik that are based on achieving specified financial performance targets.

The agreement provides that Mr. Milzcik will be entitled to indemnification for liabilities and expenses to the fullest extent permitted under Delaware law, to the extent consistent with our Certificate of Incorporation and By-laws.

His agreement provides that we will reimburse Mr. Milzcik for reasonable legal fees and expenses incurred by him in connection with (a) any good faith action brought by Mr. Milzcik to enforce his rights under the agreement (or to respond to any action commenced by us) but only those fees and expenses attributable to claims with respect to which there was a substantial likelihood that Mr. Milzcik would prevail on the merits, and (b) the negotiation and documentation of the agreement and the other agreements referenced therein.

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Other Agreements

Mr. Boyle s Agreement. Mr. Boyle retired on February 28, 2010. Mr. Boyle served as our Acting Chief Financial Officer from May 12, 2008 until our current Chief Financial Officer was hired on January 12, 2009 at which time Mr. Boyle became our Vice President, Finance and Chief Accounting Officer. Effective as of January 12, 2009, we entered into an agreement with Mr. Boyle (the Boyle Agreement) in his role as Vice President, Finance and Chief Accounting Officer which sets forth certain compensation arrangements and post-retirement payments. The compensation provisions are described below. The post-retirement provisions are set forth under Termination Provisions of Employment and Severance Arrangements Agreements with Mr. Boyle.

The Boyle Agreement provides that until May 1, 2009 his annual salary was to be $400,000. After May 1, 2009 his salary reverted to an annual rate of $250,000 until his retirement on February 28, 2010. His target bonus for 2009 was to be 35% of salary with a maximum bonus of 105% of salary. The annual incentive award for 2009 was based on his annual salary amounts during 2009, prorated.

Plans

Performance-Linked Bonus Plan for Selected Executive Officers. Each of the named executive officers, other than Mr. Boyle, participated in the Performance-Linked Bonus Plan for Selected Executive Officers in 2009. Under the Performance-Linked Bonus Plan for Selected Executive Officers, participants receive specified payments after the close of each award period if specified target performance objectives are attained during the award period. For 2009, the award period was the 2009 fiscal year. The Compensation Committee determines the percentage of salary that will be earned at a given level of performance and also determines the level of performance that must be achieved. Performance at less than the target level of performance may result in a lesser percentage of salary than the target being earned, and performance in excess of the target performance objective may result in a higher percentage of salary than the target being earned. Under no circumstances may the award for a participant s service in any year exceed $7,000,000. Payment of any award is contingent upon the Compensation Committee s certifying in writing that the performance level applicable to such award was in fact satisfied. The Compensation Committee may not increase the amount of an award upon satisfaction of the performance level. Except for Performance-Linked Bonus Plan for Selected Executive Officers participants who retire, die or become permanently disabled during the year, whose award will be prorated to the date of such retirement, death, or permanent disability, and except for participants whose employment is involuntarily terminated on or after November 1 in any given year, whose awards will be prorated to the date of such termination, a participant must be employed by the Company on the date of payment of an award. Unless the Compensation Committee determines otherwise, all payments pursuant to the Performance-Linked Bonus Plan for Selected Executive Officers are to be made in cash.

Under the Performance-Linked Bonus Plan for Selected Executive Officers, the performance goals for any award period may be based on any of the following criteria, either alone or in any combination, and on either a consolidated Company, consolidated group, business unit or divisional level, as the Compensation Committee may determine: earnings per share, net income, operating income, performance profit (operating income minus an allocated charge approximating the Company s cost of capital, before or after tax), gross margin, revenue, working capital, total assets, net assets, stockholders equity, or cash flow. The foregoing criteria are to be determined in accordance with generally accepted accounting principles, except to the extent the Compensation Committee directs otherwise and may include or exclude any or all of the following items, as the Compensation Committee may specify: extraordinary, unusual or non-recurring items; discontinued operations; effects of accounting changes; effects of currency fluctuations; effects of financing activities (by way of example, without limitation, effect on earnings per share of issuing convertible debt securities);

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expenses for restructuring or productivity initiatives; non-operating items; effects of acquisitions and acquisition expenses; and effects of divestitures and divestiture expenses (the Items). Any such performance criterion or combination of such criteria may apply to the participant s award opportunity in its entirety or to any designated portion or portions of the award opportunity, as the Compensation Committee may specify. Unless the Compensation Committee determines otherwise at any time prior to payment of a participant s award for an award period and subject to the Compensation Committee s right to reduce an award prior to payment, the Items, any of which affect any performance criterion applicable to the award (including but not limited to the criterion of earnings per share), shall be automatically excluded or included in determining the extent to which the performance level has been achieved, whichever will produce the higher award. This provision is included in the Performance-Linked Bonus Plan for Selected Executive Officers because awards may qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code if the Compensation Committee has discretion to reduce an award, but not if the Compensation Committee has discretion to increase an award.

For a discussion regarding 2009 annual incentive performance goals and awards, please see the Compensation Discussion and Analysis.

Restricted Stock Units, Performance Share Awards and Option Awards. Restricted stock units and stock options vest if the participant s employment by us continues until specified vesting dates. Performance share awards vest if specified performance goals are achieved and if the participant s employment by us continues until specified vesting dates. The vesting schedule for outstanding awards is set forth in the notes to the table for Outstanding Equity Awards at End of 2009. Treatment upon termination or a change in control is set forth under Termination Provisions of Employment and Severance Arrangements.

Each restricted stock unit award entitles the holder to receive, without payment to the Company, the number of shares of Common Stock equal to the number of restricted stock units that become vested and to receive dividend equivalents on the restricted stock units determined by multiplying the total number of restricted stock units by the dividend per share paid on the Common Stock on each date on which a dividend is paid to the holders of Common Stock during the period from the date of grant of the award to the date on which the award is paid or forfeited. Dividend equivalents for executive officers are paid in cash on the dividend payment dates for the Common Stock. In December 2008 the payment date of the remaining deferred dividend equivalents was changed in accordance with Internal Revenue Code Section 409A and payment was made in February 2009.

On or about March 1 of each year following the year in which the performance share awards are earned, the number of shares of Common Stock equal to the number of earned awards is to be delivered to the holders. Dividend equivalents are paid only on performance share awards that are earned. Dividend equivalents on all earned performance share awards are paid based upon dividends paid on outstanding shares of Common Stock during the period from the date of grant of the award to the date on which the awards are paid.

Performance Unit Awards. Under the performance unit awards executives have the right to receive a cash payment per unit awarded upon the achievement of specified performance goals. The performance unit awards vest if the participant s employment by us continues until specified vesting dates. On or about March 1 of each year following the year in which the performance unit awards are earned, a specified dollar amount equal to the number of earned units multiplied by the per share fair market value of the Common Stock on the date preceding the payment date will be delivered to the executives. Treatment upon termination or a change in control is set forth under Termination Provisions of Employment and Severance Arrangements.

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Senior Executive Enhanced Life Insurance Program

Under the Senior Executive Enhanced Life Insurance Program, which applies to officers and selected other employees, the Company pays for individual life insurance policies that are owned by the participants, with the life insurance coverage equal to four times salary. Participants are grossed up for the associated income taxes, so that they incur no out-of-pocket expense for the policies. The Company generally ceases to pay policy premiums on termination of employment, unless the participant has attained age 55 and 10 years of service, in which case the Company continues to pay premiums and tax gross-ups during the lifetime of the participant. The Company may modify or terminate the program at any time.

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Outstanding Equity Awards at End of 2009

			Option Awards				Stock Awards			
Name	Notes	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Options (#) Unexercisable	Option Exercise Price ($)[1]	Option Expiration Date[12]	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
G.F. Milzcik	11	2/10/2009		227,900	$ 11.45000	2/10/2019				
	6	7/24/2008		43,715	$ 24.39500	7/24/2018				
	10	2/13/2008	15,167	30,333	$ 26.38005	2/13/2018				
	8	2/14/2007	36,401	18,199	$ 22.33500	2/14/2017				
	6	10/19/2006	165,025	82,499	$ 20.21000	10/19/2016				
	6	2/15/2006	32,000		$ 18.62750	2/15/2016				
	7	11/10/2005	858		$ 17.45000	2/10/2010				
	7	11/10/2005	3,050		$ 17.45000	2/6/2011				
	7	11/10/2005	3,246		$ 17.45000	2/10/2010				
	7	11/10/2005	4,534		$ 17.45000	2/6/2011				
	7	11/10/2005	10,470		$ 17.45000	2/5/2012				
	7	11/10/2005	20,556		$ 17.45000	2/10/2010				
	7	11/10/2005	25,298		$ 17.45000	2/5/2012				
	7	5/10/2005	2,568		$ 15.19250	2/10/2010				
	7	5/10/2005	10,174		$ 15.19250	2/5/2012				
	7	5/10/2005	10,424		$ 15.19250	2/6/2011				
	7	5/10/2005	13,890		$ 15.19250	2/5/2012				
	7	5/10/2005	41,880		$ 15.19250	2/6/2011				
	6	2/16/2005	24,000		$ 12.61500	2/16/2015				
	3	12/8/2004	30,000		$ 13.28500	12/8/2014				
	7	4/27/2004	7,784		$ 14.13750	2/13/2013				
	5	2/11/2004	26,000		$ 14.77000	2/11/2014				
	4	2/13/2003	10,000		$ 9.56000	2/13/2013				
	21	2/10/2009					57,000	$ 963,300		
	18	7/24/2008					5,466	$ 92,375		
	17	2/13/2008					11,400	$ 192,660		
	22	2/13/2008					14,200	$ 239,980		
	16	2/14/2007					9,057	$ 153,063		
	19	10/19/2006					24,741	$ 418,123		
	14	2/15/2006					5,666	$ 95,755		
C.J. Stephens, Jr.	11	2/10/2009		25,000	$ 11.45000	2/10/2019				
	21	2/10/2009					6,300	$ 106,470		
F. C. Boyle, Jr.	11	2/10/2009		14,200	$ 11.45000	2/10/2019				
	10	2/13/2008	2,334	4,666	$ 26.38005	2/13/2018				
	8	2/14/2007	4,601	2,299	$ 22.33500	2/14/2017				
	6	2/15/2006	5,333		$ 18.62750	2/15/2016				
	21	2/10/2009					3,600	$ 60,840		
	17	2/13/2008					1,700	$ 28,730		
	22	2/13/2008					566	$ 9,565		
	16	2/14/2007					1,398	$ 23,626		
	14	2/15/2006					1,133	$ 19,148		

J.W. Burris	11	2/10/2009		42,700	$ 11.45000	2/10/2019
	9	2/14/2007	24,334	48,666	$ 22.33500	2/14/2017
	8	2/14/2007	16,667	8,333	$ 22.33500	2/14/2017

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			Option Awards				Stock Awards			
Name	**Notes**	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Options (#) Unexercisable**	**Option Exercise Price ($)[1]**	**Option Expiration Date[12]**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)[2]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
	6	7/19/2006	13,334	6,666	$ 18.32500	7/19/2016				
	21	2/10/2009					10,700	$ 180,830		
	13	2/10/2009					21,800	$ 368,420		
	16	2/14/2007					3,996	$ 67,532		
	20	7/19/2006					14,918	$ 252,114		
P.J. Dempsey	11	2/10/2009		42,700	$ 11.45000	2/10/2019				
	8	2/14/2007	16,667	8,333	$ 22.33500	2/14/2017				
	9	2/14/2007	24,334	48,666	$ 22.33500	2/14/2017				
	6	2/15/2006	24,000		$ 18.62750	2/15/2016				
	7	11/9/2005	282		$ 17.47500	2/6/2011				
	7	11/9/2005	496		$ 17.47500	2/6/2011				
	7	11/9/2005	648		$ 17.47500	2/6/2011				
	7	11/9/2005	794		$ 17.47500	10/30/2010				
	7	11/9/2005	878		$ 17.47500	2/6/2011				
	7	11/9/2005	1,230		$ 17.47500	10/30/2010				
	7	11/9/2005	1,454		$ 17.47500	10/30/2010				
	7	11/9/2005	3,652		$ 17.47500	2/5/2012				
	7	8/30/2005	208		$ 17.08750	2/6/2011				
	7	8/30/2005	340		$ 17.08750	10/30/2010				
	7	8/30/2005	460		$ 17.08750	2/5/2012				
	7	8/30/2005	1,050		$ 17.08750	10/30/2010				
	7	8/30/2005	1,232		$ 17.08750	2/5/2012				
	7	8/30/2005	1,680		$ 17.08750	10/30/2010				
	7	4/28/2005	138		$ 14.90250	2/6/2011				
	7	4/28/2005	156		$ 14.90250	10/30/2010				
	6	2/16/2005	24,000		$ 12.61500	2/16/2015				
	3	12/8/2004	20,000		$ 13.28500	12/8/2014				
	21	2/10/2009					10,700	$ 180,830		
	13	2/10/2009					21,800	$ 368,420		
	15	10/5/2007					3,053	$ 51,596		
	16	2/14/2007					3,996	$ 67,532		
	14	2/15/2006					3,598	$ 60,806		
S.S. Gates	11	2/10/2009		38,700	$ 11.45000	2/10/2019				
	10	2/13/2008	6,667	13,333	$ 26.38005	2/13/2018				
	8	2/14/2007	14,667	7,333	$ 22.33500	2/14/2017				
	6	2/15/2006	14,664		$ 18.62750	2/15/2016				
	21	2/10/2009					9,700	$ 163,930		
	17	2/13/2008					4,500	$ 76,050		
	22	2/13/2008					1,500	$ 25,350		
	16	2/14/2007					3,596	$ 60,772		
	14	2/15/2006					3,332	$ 56,311		

Notes to the above table:

1 Represents the mean between the highest and the lowest stock price of a share of Common Stock on the grant date of the option.

2 On December 31, 2009, the last trading day of fiscal year, the closing market value of the Common Stock was $16.90.

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[3] The option vests at 33.3334% on June 8, 2005 and 33.3333% on June 8, 2007 and June 8, 2009.

[4] The option vests at 33.334% on the first anniversary and 33.333% on the third and fifth anniversaries of the grant date.

[5] The option vests at 33.334% on the ninth month and 33.333% on the thirtieth and fifty-fourth months after the grant date.

[6] The option vests at 33.34% on the eighteenth month and 33.33% on each of the thirtieth and forty-second months after the grant date.

[7] This is a reload option grant which is 100% vested on the date of grant. Under the reload feature, which was ended effective January 1, 2006, a holder received options to replace shares used to pay the Company for shares acquired when a stock option was exercised and to satisfy tax withholding obligations. The reload options were granted at an exercise price that was equal to the mean between the highest and lowest stock price of a share of Common Stock on the day of the award and expire on the expiration date of the original option grant.

[8] The option vests at 33.334% on August 14, 2008 and 33.333% on August 14, 2009 and August 14, 2010.

[9] The option vests at 33.334% on August 14, 2009 and 33.333% on August 14, 2010 and August 14, 2011.

[10] The option vests at 33.334% on August 13, 2009 and 33.333% on August 13, 2010 and August 13, 2011.

[11] The option vests at 33.334% on August 10, 2010 and 33.333% on August 10, 2011 and August 10, 2012.

[12] The options terminate 10 years after the grant date. In the case of reload options, the options terminate 10 years after the original grant date.

[13] The restricted stock unit award vests at 20% on February 10, 2012 and February 10, 2013 and 60% on February 10, 2014.

[14] The restricted stock unit award vests at 33.4% on August 15, 2008 and 33.3% on August 15, 2009 and August 15, 2010.

[15] The restricted stock unit award vests at 33.4% on the third anniversary and 33.33% on the fourth and fifth anniversaries of the base date, April 5, 2007.

[16] The restricted stock unit award vests at 33.4% on August 14, 2009 and 33.3% on August 14, 2010 and August 14, 2011.

[17] The restricted stock unit award vests at 33.4% on August 13, 2010 and 33.3% on August 13, 2011 and August 13, 2012.

[18] The restricted stock unit award vests at 33.34% on January 24, 2011 and 33.33% on January 24, 2012 and January 24, 2013.

[19] The restricted stock unit award vests 100% on the fourth anniversary of the grant date.

[20] The restricted stock unit award vests at 33.34% on January 19, 2009 and 33.33% on January 19, 2010 and January 19, 2011.

[21] The restricted stock unit award vests at 33.4% on August 10, 2011 and 33.3% on August 10, 2012 and August 10, 2013.

[22] The performance share award vests at 33.34% on December 31, 2008 and 33.33% on December 31, 2009 and December 31, 2010 subject to the achievement of performance goals.

Option Exercises and Stock Vested in 2009

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)[1]**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)[2]**
G.F. Milzcik			14,710	216,458
C. J. Stephens, Jr.				
F. C. Boyle, Jr.	7,398	31,476	3,335	49,074
J. W. Burris			9,486	126,418
P.J. Dempsey			13,104	197,415
S.S. Gates	198,806	385,130	9,136	134,436

Notes to the above table:

[1] Amount reflects the difference between the exercise price of the option and the market value at the time of exercise.

[2] Amount reflects the market value of the stock on the day the stock vested.

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Pension Benefits

The table below sets forth the calculated pension benefits for the named executive officers.

Pension Benefits Table

Name and Principal Position	Plan Name	Number of Years of Credited Service (12/31/2009)	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Gregory F. Milzcik	Qualified	10.500	$ 272,078	$
	RBEP	10.500	N/A	
President and	SSORP	10.500	$ 1,232,466	
	SERP			
Chief Executive Officer		10.500	$ 163,994	
Christopher J. Stephens, Jr.	Qualified	0.917	$ 16,313	
	RBEP	N/A	N/A	
Senior Vice President,	SSORP	N/A	N/A	
	SERP			
Finance and Chief Financial Officer		0.917	$ 1,695	
Francis C. Boyle, Jr.	Qualified	31.667	$ 1,327,582	
	RBEP	31.667	$ 236,454	
Vice President, Finance and	SSORP	N/A	N/A	
	SERP			
Chief Accounting Officer		31.667	$ 179,858	
Jerry W. Burris	Qualified	3.500	$ 66,341	
	RBEP	3.500	N/A	
Vice President, Barnes Group Inc. and President,	SSORP	3.500	$ 121,466	
Precision Components	SERP	3.500	$ 22,533	
Patrick J. Dempsey	Qualified	9.167	$ 158,819	
	RBEP	9.167	N/A	
Vice President, Barnes Group Inc.	SSORP	9.167	$ 320,534	
	SERP			
and President, Logistics and Manufacturing Services		9.167	$ 49,848	
Signe S. Gates	Qualified	10.583	$ 534,038	
	RBEP	10.583	N/A	
Senior Vice President, General Counsel and Secretary	SSORP	10.583	$ 1,618,150	
	SERP	10.583	$ 61,417	

Notes/Comments:

1 All assumptions are as detailed in the notes to the Consolidated Financial Statements for the fiscal year ending December 31, 2009, including a discount rate of 6.2% with the exception of the following:

Retirement age for all plans is assumed to be the later of unreduced retirement age, as defined by each plan, or age as of December 31, 2009.

No pre-retirement mortality, disability, or termination is assumed.

[2] Consistent with financial disclosure calculations, it is assumed that the form of payment is a life annuity for the Salaried Retirement Income Plan (Qualified), the Retirement Benefit Equalization Plan (RBEP) and the Supplemental Executive Retirement Plan (SERP). It is assumed that the form of payment for Group I Supplemental Senior Officer Retirement Plan (SSORP) participants is a life annuity and the form of payment for Group II SSORP participants is 5-year installments (which are actuarially equivalent to the life annuity).

[3] The 2009 qualified plan compensation limit of $245,000 has been incorporated.

[4] The terms of the RBEP, SSORP and SERP plan documents as amended and restated effective January 1, 2009 have been reflected in the December 31, 2009 SEC disclosure tables. Subsequent amendments as of December 31, 2009 to the RBEP and SSORP plan documents are likewise reflected in the December 31, 2009 SEC disclosure tables.

[5] The Prior Plan Offset benefit payable as of age 62 for Mr. Milzcik is an estimated benefit. The Prior Plan Offset benefit as of age 62 for Mr. Burris is assumed to be zero.

[6] Internal Revenue Code Section 415 limits are not reflected for these calculations. Note that the limits would only affect the distribution of amounts between the qualified and non-qualified plans.

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Discussion Concerning Pension Benefits Table

We provide retirement benefits to the named executive officers under four defined benefit pension plans: the Barnes Group Salaried Retirement Income Plan, which is referred to as the Qualified Plan, the Barnes Group Supplemental Executive Retirement Plan, which is referred to as the SERP, the Barnes Group Supplemental Senior Officer Retirement Plan, which is referred to as the SSORP, and the Retirement Benefit Equalization Plan, which is referred to as the RBEP. The Qualified Plan is a broad-based tax-qualified defined benefit pension plan. The Qualified Plan provides retirement income based on a percentage of annual compensation. The SERP, the SSORP and RBEP are non-tax-qualified supplemental executive retirement plans that provide more generous benefits than the Qualified Plan for designated employees and senior executive officers of the Company.

As of December 31, 2009, Ms. Gates met the age and service requirements for early retirement under the Qualified Plan, SSORP, and SERP. Mr. Boyle is eligible for early retirement under the Qualified Plan and SERP.

Salaried Retirement Income Plan

The Qualified Plan is a defined benefit pension plan designed to provide income after retirement to eligible participants and their beneficiaries. Only salaried employees, including the named executive officers, are eligible to participate in the Qualified Plan.

In general, each eligible employee receives credit for benefit accrual and vesting purposes equal to the number of full months elapsed from the date the employee becomes a participant until the date the participant is no longer employed by us as a salaried employee. There are certain exceptions for authorized leaves of absence.

The normal retirement date under the Qualified Plan is the first day of the month following (1) a participant s 65th birthday or (2) if hired after age 60, the month the employee achieves five years of service. Employees are eligible for early retirement if they have completed 10 years of vesting service and have reached age 55. A participant whose employment terminates before he or she is eligible to retire on a normal or early retirement date but who has otherwise met the vesting requirements of the Qualified Plan is entitled to a deferred vested retirement benefit. A participant is 100% vested in the Qualified Plan after completing five years of vesting service.

In 2006, the benefit formula for calculating benefits under the Qualified Plan was changed for credited service earned on and after January 1, 2007. The following table shows the calculation of the basic retirement benefit for credited service earned as of December 31, 2006 under the prior formula, and for credited service earned on and after January 1, 2007:

	Benefit Accrual Rate	
	For Credited Service Earned as of 12/31/2006	**For Credited Service Earned on and after 1/1/2007**
Final Average Earnings up to Covered Compensation times **Credited Service** up to 25 years times	**1.85%**	**1.5%**
Plus		
Final Average Earnings above **Covered Compensation** times **Credited Service** up to 25 years times		