BARNES GROUP INC
Form DEF 14A
April 05, 2011
Table of Contents

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)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(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)

Table of Contents

April 8, 2011

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 6, 2011

You are invited to attend the 2011 Annual Meeting of Stockholders of Barnes Group Inc. (the Company) which will be held at the Hartford Marriott Downtown Hotel, 200 Columbus Boulevard, Hartford, Connecticut 06103, at 11:00 a.m. on Friday, May 6, 2011, for the following purposes:

1. Election of directors;

2. Ratifying the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2011;

3. Voting to approve the Barnes Group Inc. Performance Based Bonus Plan for Selected Executive Officers, as amended;

4. Voting on an advisory (non-binding) resolution regarding the Company s executive compensation;

5. Voting on an advisory (non-binding) resolution regarding the frequency of holding an advisory vote on the Company s executive compensation;

6. Voting on a proposal to amend the Company s Amended and Restated By-Laws to provide for the annual election of all directors;

7. Voting on a stockholder proposal regarding elimination of the supermajority voting requirements included in the Company s Restated Certificate of Incorporation, as amended, and its Amended and Restated By-Laws, if such proposal is properly presented at the meeting; and

8. Transacting 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, 2011 will be entitled to vote at the meeting. The Board of Directors recommends a vote FOR all director nominees, FOR Items 2, 3, and 4, FOR the triennial (every three years) choice in Item 5 and AGAINST Items 6 and 7.

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.

Thomas O. Barnes

Chairman of the Board

Table of Contents

PROXY STATEMENT FOR 2011 ANNUAL MEETING OF STOCKHOLDERS

TABLE OF CONTENTS

	Page
INFORMATION ABOUT VOTING	1
PROXY PROPOSALS	3
ELECTION OF DIRECTORS (PROXY PROPOSAL 1)	3
RATIFYING THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROXY PROPOSAL 2)	8
APPROVAL OF BARNES GROUP INC. PERFORMANCE-LINKED BONUS PLAN FOR SELECTED EXECUTIVE OFFICERS, AS AMENDED (PROXY PROPOSAL 3)	8
ADVISORY (NON-BINDING) RESOLUTION REGARDING THE COMPANY S EXECUTIVE COMPENSATION (PROXY PROPOSAL 4)	12
ADVISORY (NON-BINDING) RESOLUTION REGARDING THE FREQUENCY OF HOLDING AN ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROXY PROPOSAL 5)	14
PROPOSAL TO AMEND THE COMPANY S AMENDED AND RESTATED BYLAWS FOR ANNUAL ELECTION OF ALL DIRECTORS (PROXY PROPOSAL 6)	14
STOCKHOLDER PROPOSAL (PROXY PROPOSAL 7)	16
EXECUTIVE AND DIRECTOR COMPENSATION	
Compensation Discussion and Analysis	20
Compensation Committee Report	34
Risk Oversight and Assessment Policies and Process	34
Summary Compensation Table for 2010, 2009 and 2008	35
Grants of Plan-Based Awards in 2010	40
Discussion Concerning Grants of Plan-Based Awards Table	41
Outstanding Equity Awards at Fiscal Year-End	41
Option Exercises and Stock Vested	43
Pension Benefits	44
Discussion Concerning Pension Benefits Table	45
Nonqualified Deferred Compensation	48
Nonqualified Deferred Compensation Table for 2010	48
Termination Provisions of Employment and Severance Arrangements	49
Potential Payments Upon Termination or Change in Control	55
Director Compensation in 2010	58
Director Compensation Table	60
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	62
Equity Compensation Plan Information	62
RELATED PERSON TRANSACTIONS	62
Transactions with Related Persons	62
Review, Approval or Ratification of Transactions with Related Persons	63
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	63
Security Ownership of Certain Beneficial Owners	63
Security Ownership of Directors and Executive Officers	64

Table of Contents

	Page
CORPORATE GOVERNANCE	65
Director Independence	66
Board Meetings and Committees; Annual Meeting Attendance; Ownership Guidelines	67
Board Leadership Structure and Role in Risk Oversight	68
Stockholder and Interested Parties Communication	68
The Compensation and Management Development Committee	69
The Corporate Governance Committee	69
The Audit Committee	71
Audit Committee Report	72
PRINCIPAL ACCOUNTANT FEES AND SERVICES	72
Fees Paid	72
Pre-Approval Policy and Procedures	73
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	74
STOCKHOLDER PROPOSALS FOR 2012 ANNUAL MEETING	74
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIAL FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 6, 2011	74
HOUSEHOLDING OF ANNUAL MEETING MATERIALS	74
GENERAL	75
ANNEX 1 Performance-Linked Bonus Plan for Selected Executive Officers, as amended	
ANNEX 2 Proposed Amendment to Amended and Restated By-Laws	

Table of Contents

PROXY STATEMENT FOR 2011 ANNUAL MEETING OF STOCKHOLDERS

MAY 6, 2011

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 2011 Annual Meeting of Stockholders (2011 Annual Meeting) to be held on May 6, 2011 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, 2011.

INFORMATION ABOUT VOTING

Who Can Vote

Only stockholders of record at the close of business on March 10, 2011 (the Record Date) will be entitled to vote at the 2011 Annual Meeting. As of March 10, 2011, the Company had 54,397,345 outstanding shares of common stock, par value $.01 per share (the Common Stock), each of which is entitled to one vote.

Voting Procedures

You can vote your shares either by proxy or in person by written ballot at the 2011 Annual Meeting. If you choose to vote by proxy, you may do so by telephone or the Internet as described in the proxy card, or you can sign and return a proxy card in the manner instructed on the card. A stockholder who executes and delivers a proxy may revoke it at any time before it is exercised by voting in person at the 2011 Annual Meeting, by delivering a subsequent proxy or by notifying the inspectors of the election in person or in writing.

Quorum

In order for the business of the 2011 Annual Meeting to be conducted, a minimum number of shares constituting a quorum must be present. The holders of a majority of the outstanding shares of Common Stock entitled to vote at the 2011 Annual Meeting must be present in person or represented by proxy at the 2011 Annual Meeting in order to have a quorum. Shares represented at the meeting by proxies including abstentions and broker non-votes are treated as present at the meeting for purposes of determining a quorum.

Broker Non-Votes

A broker non-vote occurs when a stockholder who holds his or her shares through a bank or brokerage firm does not instruct that bank or brokerage firm how to vote the shares and, as a result, the broker is prevented from voting the shares held in the stockholder s account on certain proposals. Under applicable New York Stock Exchange Rules, if you hold your shares through a bank or brokerage firm and your broker delivers this Proxy Statement to you, the broker has discretion to vote on routine matters only.

The Effect of Broker Non-Votes and Abstentions

Abstentions and broker non-votes will not have an effect on the outcome of Proposal 1 (the election of directors) or Proposal 5 (the vote on the frequency of say on pay). In voting on Proposal 2 (ratification of auditor selection), Proposal 3 (approval of Performance-Linked Bonus Plan), Proposal 4 (approval of executive compensation) and Proposal 7 (the stockholder proposal regarding elimination of supermajority voting requirements in our Restated Certificate of Incorporation, as amended (the Charter) and Amended and Restated By-Laws (the Restated By-Laws), abstentions will have the effect of votes against the proposals and broker non-votes will not have an effect on the outcome of the vote. On Proposal 6 (to eliminate the classification of the Board), abstentions and broker non-votes will have the effect of votes against the proposal.

Vote Required and Recommendations of the Board of Directors for each Proposal

Proposal 1, Election of directors.

Vote Required: Directors are elected by a plurality of the votes cast. Proxies may not be voted for more than the number of nominees named by the Board of Directors.

Recommendation of the Board of Directors: The Board of Directors recommends a vote FOR all nominees.

Proposal 2, Ratifying the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2011.

Vote Required: Affirmative vote of a majority of shares of Common Stock represented in person or by proxy and entitled to vote on the matter.

Recommendation of the Board of Directors: The Board of Directors recommends a vote FOR this proposal.

Proposal 3, Approval of the Barnes Group Inc. Performance-Linked Bonus Plan for Selected Executive Officers, as amended.

Vote Required: Affirmative vote of a majority of shares of Common Stock represented in person or by proxy and entitled to vote on the matter.

Recommendation of the Board of Directors: The Board of Directors recommends a vote FOR this proposal.

Proposal 4, Advisory (non-binding) resolution regarding the Company s executive compensation.

Vote Required: Affirmative vote of a majority of shares of Common Stock represented in person or by proxy and entitled to vote on the matter. As noted in the discussion of this proposal, the choice receiving a majority of votes will not be binding on the Board of Directors or its Compensation and Management Development Committee (the Compensation Committee) and may not be construed as overruling a decision by the Board of Directors or the Compensation Committee nor create or imply any additional fiduciary duty on the Board of Directors. Further, it will not affect any compensation paid or awarded to any named executive officer.

Recommendation of the Board of Directors: The Board of Directors recommends a vote FOR this proposal.

Proposal 5, Advisory (non-binding) resolution regarding the frequency of holding an advisory vote on the Company s executive compensation.

Vote Required: Stockholders have the choice of voting for a frequency of one, two or three years, or abstaining. As noted in the discussion of this proposal, the choice receiving a plurality of votes will not be binding on the Board of Directors or the Compensation Committee and may not be construed as overruling a decision by the Board of Directors or the Compensation Committee nor create or imply any additional fiduciary duty on the Board of Directors. Further, it will not affect any compensation paid or awarded to any named executive officer.

Recommendation of the Board of Directors: The Board of Directors recommends a vote FOR a triennial (every three years) frequency.

Table of Contents

Proposal 6, Approval of a proposal to amend the Company s Amended and Restated By-Laws.

Vote Required: Affirmative vote of not less than two-thirds (2/3) of the shares of Common Stock outstanding as of the Record Date.

Recommendation of the Board of Directors: The Board of Directors recommends a vote AGAINST this proposal.

Proposal 7, Stockholder proposal.

Vote Required: Affirmative vote of a majority of shares of Common Stock represented in person or by proxy and entitled to vote on the matter.

Recommendation of the Board of Directors: The Board of Directors recommends a vote AGAINST this proposal.

PROXY PROPOSALS

Stockholders who are entitled to vote at the 2011 Annual Meeting are requested to vote on the proposals listed below.

ELECTION OF DIRECTORS (Proxy Proposal 1)

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 Restated By-Laws). William S. Bristow, Jr., Hassell H. McClellan and Gregory F. Milzcik are nominated for re-election to the Board of Directors for terms expiring at the Annual Meeting of Stockholders in 2014.

Pertinent information concerning the nominees for re-election as directors and the seven 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.

The Board of Directors recommends a vote FOR all nominees.

Nominees for Re-election

Three-Year Term Term to expire in 2014

William S. Bristow, Jr.

Director since 1978

Current term expires 2011

Mr. Bristow, 57, 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.

Hassell H. McClellan

Director since 2010

Current term expires 2011

Dr. McClellan, 65, has served as an Associate Professor, Operations, Information and Strategic Management Department, of Boston College s Wallace E. Carroll School of Management since 1990. He is a member of the Audit Committee and Finance Committee of the Company s Board of Directors. 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 Virtus Variable Insurance Trust (formerly 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 ten not-for-profit and private organizations.

Gregory F. Milzcik

Director since 2006

Current term expires 2011

Mr. Milzcik, 51, 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 domestic and international operations, engineering, lean management, marketing, and enterprise management systems.

Table of Contents

Continuing Directors

Term expiring in 2012

Thomas J. Albani

Director since 2008

Current term expires 2012

Mr. Albani, 68, retired in May 1998 from Electrolux Corporation 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. From 1994 to 2010, Mr. Albani was 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 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.

Thomas O. Barnes

Director since 1978

Current term expires 2012

Mr. Barnes, 62, 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 Directors of the Company for over 30 years and has served as chairman, trustee or director for over 20 non-profit organizations.

Table of Contents

Gary G. Benanav

Director since 1994

Current term expires 2012

Mr. Benanav, 65, 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 Chair of the Corporate Governance Committee and a member of the Audit Committee and the Compensation and Management Development 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).

Mylle H. Mangum

Director since 2002

Current term expires 2012

Ms. Mangum, 62, 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 Chair of the Compensation and Management Development Committee and a member of the Audit 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.

Table of Contents

Term expiring in 2013

John W. Alden

Director since 2000

Current term expires 2013

Mr. Alden, 69, retired in 2000 as Vice Chairman, United Parcel Service of America, Inc. He is Chair of the Finance Committee and a member of the Corporate Governance 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.

George T. Carpenter

Director since 1985

Current term expires 2013

Mr. Carpenter, 70, 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 Chair of the Executive Committee and a member of 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 26 years.

Table of Contents

William J. Morgan

Director since 2006

Current term expires 2013

Mr. Morgan, 64, is a retired partner of the accounting firm KPMG LLP where he served clients in the industrial and consumer market practices. After his retirement in 2006, and until 2010, he was a consultant to KPMG LLP s Leadership Development Group and Dean of KPMG s Chairman s 25 Leadership Development Program. Mr. Morgan is the Chair of the Audit Committee and a member of the Executive Committee and the Corporate Governance Committee of the Company s Board of Directors. He is the Audit Committee financial expert. From 2004 until 2006, Mr. Morgan 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 currently a director of PGT, Inc. He 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 39 year career and expertise in accounting and auditing field as well as his extensive practice as a certified public accountant and experience working with global industrial companies relative to accounting, finance, auditing, controls, risk management, compliance and corporate governance.

RATIFYING THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Proxy Proposal 2)

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ended December 31, 2011. Although not required by the Charter or Restated By-Laws of the Company, the Company has determined to ask the stockholders to ratify this selection. A representative of PricewaterhouseCoopers LLP is expected to be present at the meeting and will have the opportunity to make a statement, if desired, and to be available to respond to appropriate questions.

The Board of Directors recommends a vote FOR this Proposal.

APPROVAL OF THE BARNES GROUP INC. PERFORMANCE-LINKED BONUS PLAN FOR SELECTED EXECUTIVE OFFICERS, AS AMENDED (Proxy Proposal 3)

In February 2011, the Company s Board of Directors adopted amendments to The Barnes Group Inc. Performance-Linked Bonus Plan for Selected Executive Officers, as amended (PLBP), subject to stockholder approval at the 2011 Annual meeting. The amendments (i) provide for revised performance objectives to be available under the PLBP, (ii) permit the use of a performance award pool from which awards may be paid and (iii) clarify the ability of the Compensation Committee and Management Development Committee of the Company s Board of Directors (the Compensation Committee) to exercise negative discretion to reduce an award following the end of the period in which performance objectives must be set pursuant to the requirements of Section 162(m) of the Internal Revenue Code. The PLBP is being submitted to stockholders to: (a) extend the term of the PLBP for an additional five years through the date of the 2016 annual meeting and (b) approve revised performance objectives that can be used under the plan.

Approval by the stockholders of the amendments to the PLBP will enable the Company to continue to pay compensation under the PLBP that qualifies as performance-based as defined in Section 162(m) of the Internal Revenue Code and therefore will not be subject to the $1,000,000 deduction limit. Section 162(m) of the Internal Revenue Code limits the deductibility by the Company of certain types of compensation provided to employees to $1,000,000 per individual. However, performance-based compensation that meets certain conditions is not subject to the $1,000,000 deduction limit. One of these conditions is that the performance-based plan under which the compensation will be paid must be disclosed to and approved by stockholders. The PLBP was approved by stockholders in 2001, and again in 2006, to satisfy the requirement under Section 162(m) of the Internal Revenue Code.

Stockholders are requested in this Proposal 3 to approve the amended PLBP, including the revised performance-based provisions, in substantially the form attached hereto as Annex 1. If the stockholders fail to approve this proposal, then the amended PLBP will not become effective, and participants who have received rights to cash incentive awards under the amended PLBP, subject to stockholder approval of the amended PLBP, will not be entitled to receive any such awards. The description of the PLBP terms that follows is subject to and qualified by reference to the complete text of the PLBP set forth in Annex 1.

Purpose and Eligibility

The purpose of the PLBP is to provide the Company s senior executive officers with cash incentive compensation opportunities. No later than 90 days after the start of each year (or by such other deadline as may apply under the Internal Revenue Code), the Compensation Committee will select the persons who will participate in the PLBP in such year. For 2011, subject to stockholder approval of the amended PLBP, the Compensation Committee has granted to Messrs. G. Milzcik, C. Stephens, J. Burris, P. Dempsey and Ms. C. Toussaint award opportunities under the PLBP.

Administration

Pursuant to the requirements under Section 162(m) of the Internal Revenue Code, the PLBP must be administered by a committee comprised solely of not less than two directors who are outside directors within the meaning of the Internal Revenue Code. The PLBP will be administered by the Compensation Committee. The Compensation Committee has the authority to: (i) select employees to participate in the plan; (ii) establish and administer the performance objectives and the award opportunities applicable to each participant and certify whether the goals have been attained; (iii) construe and interpret the plan and any agreement or instrument entered into under the plan; (iv) establish, amend, and waive rules and regulations for the plan s administration; (v) and make all other determinations which may be necessary or advisable for the administration of the plan. Any determination by the Compensation Committee pursuant to the PLBP will be final, binding and conclusive.

Performance Goals

Under the PLBP, 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, business unit, business segment or division level, or other similar collection of cost centers, profit centers or international subsidiaries, as the Committee may determine: earnings per share; earnings before taxes; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; net income; operating income; performance profit (operating income minus an allocated charge approximating the Company s cost of capital, before or after tax); gross profit; gross margin; operating margin and statistics; improvement in or attainment of expense levels; cost reduction; debt reduction; revenue; working capital; total assets; net assets; stockholders equity; debt to capital; cash flow; return on equity; return on capital; ratio of operating earnings to capital spending; internal rate of return; liquidity measurements; leverage; financing and other capital raising transactions; cost of capital; customer satisfaction; employee satisfaction; customer growth; sales; attainment of strategic or operating initiatives; operating efficiencies; productivity improvement and productivity ratios; inventory turns; comparison with various stock market indices; stock price; market share; and total shareholder return. 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 performance goals, any of which affect any performance criterion applicable to the award, will automatically be 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 PLBP 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.

Establishment of Performance Goals

No later than 90 days after the start of each year (or by such other deadline as may apply under the Internal Revenue Code), the Compensation Committee will establish in writing the performance goals for that year, and if the Compensation Committee determines, the Compensation Committee may establish an unfunded pool for purposes of making awards as a result of achievement of performance goals in an award period. During the same 90-day period, as applicable, the Compensation Committee will establish the method for computing the amount of compensation which each such participant will be paid if the established performance goals are attained in whole or in part and such method will be stated in terms of an objective formula or standard that precludes discretion to increase the amount that will be due upon attainment of the goals. The Compensation Committee may specify, during such period, that the performance criteria will be adjusted by any or all of the following items: extraordinary items, unusual or non-recurring items, effects of discontinued operations, effects of accounting changes, effects of currency fluctuations, effects of restructuring, non-operating items or non-routine financing activities, effects of acquisitions and acquisition expenses, and effects of divestitures and divestiture expenses. The foregoing may apply to the participant s award opportunity in its entirety or to any designated portion or portions of the award opportunity, as specified by the Compensation Committee. The terms, formula and criteria specified by the Compensation Committee shall preclude discretion to increase the amount of the award that would otherwise be due upon attainment of the performance level.

Awards

Under the PLBP, participants receive specified payments after the close of each award period if specified target performance objectives are attained during the award period. The Compensation Committee determines the percentage of salary, or the percentage of a performance award pool, if applicable, 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, or of the bonus pool, if applicable, than the target being earned, and performance in excess of the target performance objective may result in a higher percentage of salary than 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. Unless and until the Compensation Committee so certifies, no award is paid. The Committee may not increase the amount of an award upon satisfaction of the performance level.

Payment of Awards

Generally, a person must be employed by the Company or one of its subsidiaries on the date of payment of an award in order to be eligible to receive an award. However, participants who retire, die or become permanently disabled before awards are paid for that award period will receive a prorated portion of an award based on the number of days employed during the award period until the date of such retirement, death or permanent disability. If a participant is involuntarily terminated by the Company without cause on or after November 1 of an award period, the participant will receive a pro rata portion of the award based on the number of days worked during the award period through the date of such involuntary termination.

Prior to payment of a participant s award for an award period, each of the following items automatically shall be included or excluded, in whatever combination shall produce the highest award, to the extent that any of such items affect any performance criterion applicable to the award (including but not limited to the criterion of earnings per share): extraordinary items, unusual or non-recurring items, effects of discontinued operations, effects of accounting changes, effects of currency fluctuations, effects of restructuring, non-operating items or non-routine financing activities, effects of acquisitions and acquisition expenses, and effects of divestitures and divestiture expenses. In no event may the Committee increase the amount of an award upon satisfaction of the performance level.

Awards will be paid in cash (unless the Compensation Committee determines otherwise) within 2 $^{1}/2$ months following the end of the award period.

Amendment

The Compensation Committee may amend or terminate the PLBP without stockholder approval at any time. Certain amendments may require re-approval of the plan by stockholders for the performance-based compensation to continue to qualify for deductibility by the Company, as specified by the Internal Revenue Code.

Federal Income Tax Consequences

The following provides only a general description of the application of federal income tax laws to awards under the PLBP. This discussion is intended for the information of stockholders considering how to vote at the 2011 annual meeting and not as tax guidance to participants in the PLBP, as the consequences may vary among the participants. The summary does not address the effects of other federal taxes (including possible golden parachute excise taxes) or taxes imposed under state, local or foreign tax laws.

As a general rule, a participant will not receive taxable income on the date of the award. A participant will generally recognize ordinary income upon payment of the award. Assuming, as expected, that compensation paid under the PLBP is qualified performance-based compensation under Section 162(m) of the Internal Revenue Code, the Company will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the participant.

While it is intended that the incentive awards will not be subject to Section 409A of the Internal Revenue Code, an eligible employee s award may be subject to a 20% excise tax in addition to ordinary income tax inclusion at the time the award becomes vested, plus interest, if the award constitutes deferred compensation under Section 409A of the Internal Revenue Code and the requirements of Section 409A of the Internal Revenue Code are not satisfied. The Company may deduct from an eligible employee s award any and all federal, state and local taxes or other amounts required by law to be withheld.

Table of Contents

New Plan Benefits

The following table shows the award opportunities that have been granted under the PLBP for services in 2011 to the persons and groups indicated, subject to approval of the PLBP by stockholders at the 2011 Annual Meeting. As discussed in the Compensation Discussion and Analysis section, for 2011, the Company has used earnings per share, consolidated operating margin, and revenue goals as performance objectives under the PLBP. The Threshold Award is the award payable at the minimum level of performance. The Target Award is payable if the target level of performance is attained, and the Maximum Award is payable if the maximum level of performance is attained or exceeded.

Performance-Linked Bonus Plan for Selected Executive Officers

Name and Position	Threshold Award for 2011	Target Award for 2011	Maximum Award for 2011
G. Milzcik, President and Chief Executive Officer	$ 166,875	$ 667,500	$ 2,002,500
C. Stephens, Jr., Senior Vice President, Finance and Chief Financial Officer	$ 53,875	$ 215,500	$ 646,500
J. Burris, President, Precision Components and Vice President, Barnes Group Inc.	$ 53,875	$ 215,500	$ 646,500
P. Dempsey, President, Logistics and Manufacturing Services and Vice President, Barnes Group Inc.	$ 53,875	$ 215,500	$ 646,500
C. Toussaint, Senior Vice President, General Counsel and Secretary	$ 40,500	$ 162,000	$ 486,000
Named executive officers as a group	$ 369,000	$ 1,476,000	$ 4,428,000

Our Board of Directors recommends that stockholders vote FOR the approval of the Performance-Linked Bonus Plan for Selected Executive Officers, as amended.

ADVISORY (NON-BINDING) RESOLUTION REGARDING THE COMPANY S EXECUTIVE COMPENSATION (Proxy Proposal 4)

The Company s executive compensation programs are designed to attract, engage and retain highly qualified executive officers. The Company has a strong pay for performance philosophy and as a result, the compensation paid to our named executive officers is closely aligned with the Company s performance on both a short-term and a long-term basis. For 2010, our executive compensation program for our named executive officers was designed to reward positive performance with respect to the following three financial performance objectives of the Company: earnings per share (EPS); performance profit after tax (PPAT); and revenue by business segment and the Company as a whole.

In setting these financial performance objectives in 2010, we re-evaluated our 2009 executive compensation program to better align our program with our two key strategic goals for 2010 profitable sales growth and operating efficiencies. Specifically, we re-established revenue as a performance measure to replace working capital which was utilized during 2009 to stress the importance of conserving and carefully managing cash. We also discontinued the base level performance metric which fell below our traditional threshold level and was put in place in 2009 due to the high level of uncertainty in the external market which made it difficult to set business goals.

Our compensation mix for 2010 continues to provide total target direct compensation for our named executive officers that generally falls between the 50th percentile and the 75th percentile of the total direct compensation paid to executives holding equivalent positions in a defined peer group of companies and other external sources used to inform the Compensation and Management Development Committee of the Company s Board of Directors (the Compensation Committee) generally about the external market value of our executive roles. We believe our compensation mix provides sufficient incentives in the form of annual cash incentive awards and long-tem incentive awards to drive the Company s performance and enhance stockholder value. Specifically, if the Company s performance results meet or exceed pre-established performance targets, named executive officers have an opportunity to realize significant additional compensation in the form of annual cash incentive awards and long-term equity and cash incentive awards. If the Company s performance results do not meet pre-established performance targets or our stock price declines, the named executive officers have significant downside risk.

We also have implemented certain policies and guidelines regarding our executive compensation program designed to mitigate risk as set forth in our Compensation Discussion and Analysis (CD&A) and including the following: (1) stock ownership guidelines; (2) clawback agreements; and (3) capped annual and long-term incentive programs. The Compensation Discussion and Analysis starting on page 20 provides a detailed discussion of the executive compensation programs in place for our named executive officers.

Pursuant to the proxy rules under the Securities Exchange Act of 1934, as amended (the Exchange Act) and as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), we are required to provide stockholders with a separate non-binding stockholder vote to approve the compensation of our named executive officers, including the Compensation Discussion and Analysis, the compensation tables, and the accompanying required narrative disclosure regarding executive compensation included in this proxy statement. Such a proposal, commonly known as a Say-on-Pay proposal, gives stockholders the opportunity to vote whether or not to approve the compensation of our named executive officers as described in this proxy statement. Stockholders that do not wish to vote may abstain from voting. Accordingly, stockholders are being asked to approve the following resolution:

RESOLVED, that the stockholders of the Company approve the overall compensation policies and procedures for the executive officers as described in the Compensation Discussion and Analysis and the tabular disclosures regarding named executive officer compensation, together with the accompanying narrative disclosure, in this proxy statement for its 2011 Annual Meeting.

As provided by the Dodd-Frank Act, this vote will not be binding on the Board of Directors or the Compensation Committee and may not be construed as overruling a decision by the Board of Directors or the Compensation Committee nor create or imply any additional fiduciary duty on the Board of Directors. Further, it will not affect any compensation paid or awarded to any named executive officer. However, the Compensation Committee and the Board of Directors recognize the importance of receiving input from our stockholders on important issues such as executive compensation and expect to take into account the outcome of the vote when considering future executive compensation arrangements.

Our Board of Directors recommends that stockholders vote FOR the approval of the overall compensation policies and procedures for the named executive officers as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation, together with the accompanying narrative disclosure, in this proxy statement for its 2011 Annual Meeting.

ADVISORY (NON-BINDING) RESOLUTION REGARDING THE FREQUENCY OF HOLDING AN ADVISORY (NON-BINDING) VOTE ON THE COMPANY S EXECUTIVE COMPENSATION (Proxy Proposal 5)

Pursuant to the proxy rules under the Exchange Act and as required by the Dodd-Frank Act we are required to provide stockholders with a separate advisory (non-binding) stockholder vote on the frequency of a Say-on-Pay proposal. Stockholders may indicate whether they would prefer a Say-on-Pay advisory vote every one, two or three years. Stockholders may also abstain from voting. Accordingly, stockholders are being asked to approve the following resolution:

RESOLVED, that the stockholders of the Company approve that the frequency of the non-binding Say-on-Pay vote be held:

Annually (every year);

Biennially; (every two years);

Triennially (every three years); or

Abstain.

As provided by the Dodd-Frank Act, this vote will not be binding on the Board of Directors or the Compensation Committee and may not be construed as overruling a decision by the Board of Directors or the Compensation Committee nor create or imply any additional fiduciary duty on the Board of Directors. Further, it will not affect any compensation paid or awarded to any named executive officer. However, the Compensation Committee and the Board of Directors recognize the importance of receiving input from our stockholders on important issues such as executive compensation and expect to take into account the outcome of the vote when considering the frequency of future Say-on-Pay votes.

The Board of Directors recommends a vote FOR a triennial frequency. The Board of Directors believes a triennial frequency (i.e., every three years) is the optimal frequency for the Say-on-Pay vote. Many of the Company s businesses are cyclical in nature and a vote every three years is better designed to provide stockholders and advisory firms the opportunity to evaluate the Company s compensation policies and procedures in a manner that accounts for the Company s longer cycle businesses. A triennial vote also provides stockholders and advisory firms with an opportunity to evaluate the Company s compensation policies and procedures on a more thorough, longer-term basis than an annual vote. The Board believes an annual Say-on-Pay vote would not allow for changes to the Company s compensation policies and procedures to be in place for enough time to evaluate whether the changes were truly effective. For example, if the Say-on-Pay vote in May 2011 led to changes to our compensation policies and procedures being made in January 2012, at the beginning of the next fiscal year, those changes would be in place only a few months before the next annual Say-on-Pay vote would take place in May 2012.

PROPOSAL TO AMEND THE COMPANY S AMENDED AND RESTATED BY-LAWS FOR ANNUAL ELECTION OF ALL DIRECTORS (Proxy Proposal 6)

The Company is submitting to stockholders, for their consideration, an amendment to its Restated By-Laws to provide for the annual election of directors (the Amendment). The Restated Bylaws currently provide that the Board is divided into three classes, with each class elected every three years. If the Amendment is approved, directors elected before the effectiveness of the Amendment would stand for election for one-year terms once their then-current three-year terms expire. This means that directors whose terms expire at the 2012 and 2013 annual meetings of stockholders would be elected for one-year terms starting in each of those years. Beginning with the 2014 annual meeting, all directors would be elected for one-year terms at each annual meeting. In all cases, each director would hold office until his or her successor has been elected and qualified or until the director s earlier resignation or removal, and vacancies that occur during the year would be appointed by the Board to serve until the next annual meeting. This proposal would not change the present number of directors or the Board s authority to change the number of directors or to fill vacancies or newly created directorships.

Background of Proposal

At our 2010 annual meeting, our stockholders voted to approve a non-binding proposal submitted by a Company stockholder, Gerald R. Armstrong, to eliminate classification of terms of the Board of Directors to require that all Directors stand for election annually and that any Board declassification be effected in a manner which does not affect the unexpired terms of previously elected directors. Although the Board recommended that stockholders vote against the proposal, it received the approval of 66.9% of the shares voted on the proposal and 50.9% of the shares of common stock outstanding as of the Record Date for the meeting. As a result of the approval by stockholders of the non-binding stockholder proposal, the Corporate Governance Committee of the Board of Directors, which is composed entirely of independent Directors, and the Board of Directors deliberated on the advantages and disadvantages of a classified board structure. After extensive discussions, the Board reaffirmed its judgment that a classified board structure better serves the long-term interests of the Company and all of its stockholders than annual election of all directors. In its commitment to strong and prudent corporate governance practices, the Board welcomes the input of stockholders in its corporate governance practices and does not want to discourage this input. Given the level of support that the declassification stockholder proposal received in 2010, the Board concluded that it was appropriate to submit the Amendment to a vote of stockholders at the 2011 Annual Meeting so that the Company s stockholders have the opportunity to decide whether or not the Board should be classified.

Recommendation of the Board of Directors

The Board of Directors has concluded that the Company s classified board structure continues to promote the best interests of stockholders and the Company and unanimously recommends a vote AGAINST this proposal. In making its recommendation, the Board carefully considered the stockholder vote with respect to the 2010 non-binding declassification proposal alongside its fiduciary duty to act in the best interests of the Company and all of its stockholders. The Board believes that the classified board structure has served the Company and its stockholders well since its adoption in 1970 and that it continues to provide important benefits to the Company, including those describe below.

Stability and Continuity. The classified board structure helps provide stability, prevent sudden disruptive changes to the Board s composition and enhances long-term planning for the Company. The three-year director terms of a classified board ensure that the Board s composition includes directors who have in-depth knowledge of the Company and its history. Three-year terms also encourage directors to make long-term commitments to the Company and to focus on long-term strategies for the Company. The structure also allows the Board s Corporate Governance Committee to assess the qualifications of the nominees more thoroughly each year and to seek candidates who can complement and enhance the existing Board composition, thereby enabling a more orderly evolution of the Board.

Accountability to Shareholders. The Company s directors continue to be accountable to the Company and its stockholders under the classified board structure. Every director is required to act in accordance with his or her fiduciary duties to the Company and its stockholders, regardless of how often he or she stands for election. The Company believes that longer terms have the effect of causing Directors to consider the long-term effects of their decisions, and to become personally invested in assuring the success of the Company over time. Experts in corporate governance are vocal in the need for companies to focus more on long-term strategies. For example, an Aspen Institute article dated September 9, 2009, titled Overcoming Short-termism: A Call for More Responsible Approach to Investment and Business Management encourages investors to approve corporate governance practices that help boards resist short-term pressures so that they can focus on sustainable value creation rather than evanescent short-term objectives.

Protection Against Takeovers. The classified board structure is designed to safeguard against a hostile purchaser gaining control of the Company without paying fair value. Because only one-third of the directors are elected at any annual meeting, it is impossible for a potential acquirer to replace a majority of a board at a single meeting if a company has a classified board. While a classified board does not preclude a takeover, it encourages potential acquirers to negotiate directly with a board, which provides a board with time and leverage to evaluate the adequacy and fairness of a takeover proposal and to weigh alternative methods of maximizing stockholder value. In fact, recent studies suggest that classified boards improve the relative bargaining power of a company in a hostile takeover bid. See Bates, Becker and Lemmon, Board Classification and Managerial Entrenchment: Evidence from the Market for Corporate Control, (April 2007) at page 30.

Commitment to Effective Corporate Governance Practices. We have an experienced and well-qualified Board. Our Board is committed to utilizing effective corporate governance practices and has adopted Corporate Governance Guidelines (a copy of which is available on our website at www.BGInc.com) which, among other things, provide for annual evaluations of director independence and an annual self-assessment of our Board s performance by the Corporate Governance Committee. Our Board, with the assistance of its Corporate Governance Committee, continually seeks to improve and enhance its corporate governance practices by reviewing the Company s existing practices in light of those of its peers and the current corporate governance environment and retaining or implementing practices that it believes serve the best long-term interests of the Company s stockholders.

Independence. Electing directors to three-year terms also enhances the independence of non-employee directors by providing them with a longer term of office. The longer term provides a certain amount of autonomy from special interest groups who may have an agenda contrary to the Company s long-term goals and objectives and those of a majority of stockholders. As a result, independent directors are able to make decisions that are in the best long-term interests of the Company and its stockholders.

Text of Amendment

Article II, Section 2 and Article II, Section 4 of the Restated By-Laws contain the provisions that will be affected if the Amendment is approved by stockholders. The text of Article II, Section 2, as amended by the Amendment, is set forth on Annex 2 to this proxy statement. Article II, Section 4 of the Restated By-Laws, which is also set forth on Annex 2, will be deleted in its entirety pursuant to the Amendment.

The Board of Directors recommends a vote AGAINST this proposal.

STOCKHOLDER PROPOSAL (Proxy Proposal 7)

We have received from Gerald R. Armstrong, a registered holder as of the Record Date of 960 shares of Common Stock, a proposal relating to changing the supermajority voting requirements included in the Company s Charter and Restated By-Laws. He has requested that the following resolution and supporting statement be included in our proxy statement for the 2011 Annual Meeting. If properly presented, this proposal will be voted upon at the 2011 Annual Meeting. We are not responsible for the content of the proponent s resolution or supporting statement, which are printed below in italics exactly as submitted.

Mr. Armstrong s address is as follows: 910 Sixteenth Street, No. 412, Denver, Colorado 80202-2917.

RESOLUTION

That the shareholders of BARNES GROUP INC. request our Board of Directors to take the steps necessary so that each shareholder voting requirement in our corporate Articles and Bylaws, that calls for a greater than simple majority vote, be changed to a majority vote of the votes cast for and against the proposal in compliance with applicable laws.

STATEMENT

The proponent of this proposal introduced a proposal to declassify the terms of the directors from three years to one year in last year s annual meeting. That proposal was approved by the shareholders with a vote of 27,977,170 shares worth $511,702,439.90 on the meeting date, and is 67.44% of the shares voted. Only 13,507,939 shares, which included shares of unmarked proxies, management, and board members, voted against.

At the time this proposal is being presented, December 4th, 2010, and only a few days before the deadline to submit proposals, the board has not taken action on the proposal approved in the meeting held May 7th, 2010.

It appears to the proponent that the Board is not acting in the best interests of the shareholders and should eliminate the super-majority requirements which include a two-thirds majority vote of shares outstanding. As only 67.44% of the shares were represented in the last meeting, a two-thirds majority vote could be nearly impossible to attain.

Our corporate earnings have diminished and our dividends have been cut in half. Management compensation is discussed on 60 pages of the proxy statement while the letter of the chairman and president (1 page) says very little about solid restructuring for the future.

I believe that our Board of Directors has not been effectively managing Barnes for our interests and cannot be trusted to provide shareholder interests the stewardship needed.

The tone of remarks opposing the proposal in the 2010 annual meeting certainly underlies the fear of being taken over. A takeover, however, could benefit shareholders but the shareholders may never know of a good offer because of the anti-takeover provisions protecting the management.

Corporate governance procedures and practices create a level of accountability that ends up being closely related to corporate performance. What matters in Corporate Governance? (written by Lucien Bebchuk, Alma Cohen, and Allen Ferrell of the Harvard Law School), states that super-majority voting requirements have been found to be one of the six entrenching mechanisms that are negatively related with corporate performance.

The Council of Institutional Investors (www.cii.org) recommends adoption of the simple-majority voting standards.

Please encourage our board to respond favorably to this proposal by voting FOR this proposal.

Company Response to Stockholder Proposal

The Board of Directors unanimously recommends a vote AGAINST adoption of the above resolution. The Corporate Governance Committee, which is composed entirely of independent Directors, and the Board have carefully considered this stockholder proposal. The Board believes that the existing voting standards under the Company s Charter and the Restated By-Laws are appropriate and necessary.

The Board believes that these supermajority voting provisions have benefitted the Company and its stockholders since their adoption in 1970, and that they continue to provide important value to the Company. They have previously been approved by our stockholders and are commonly included in the corporate charters and bylaws of many publicly-traded Delaware companies. The provisions are intended to preserve and maximize the value of the Company for all stockholders by protecting against the self-interested actions of a few large stockholders whose goals may conflict with those of other stockholders.

Supermajority provisions encourage input from stockholders. The supermajority voting requirements help ensure that significant corporation actions are taken when there is a clear consensus of stockholders. A vote of two-thirds (2/3) of the shares of capital stock then issued and outstanding, or that are required for the election of directors, is required to approve the following matters with respect to the Company:

Stockholder authorization of the Board to mortgage, sell, lease or exchange all of the property and assets of the Company.

Amendments to provisions in the Charter and the Restated By-Laws relating to the size and structure of the Board, the voting provisions for election of directors, the removal of directors or the prohibition of stockholder action by written consent.

The removal of directors for cause.

In addition, the Company s Charter requires the affirmative vote of holders of not less than seventy percent (70%) of the Company s voting stock to approve a business combination with any holder of five percent (5%) or more of the Common Stock under certain circumstances. Not all matters voted upon by stockholders require a supermajority vote. Most of the matters submitted to stockholders require the approval of a simple majority of the shares represented at the meeting. Only fundamental corporate governance matters require supermajority approval.

Supermajority provisions help protect against the self-interests of a few stockholders. The supermajority voting provisions provide stability to the Company by preventing fundamental changes in corporate structure or governance based on the objectives of a select group of stockholders who might have an agenda contrary to the long-term interests of all stockholders. This stability helps the Company implement long-term strategies and goals with the intent of maximizing long-term value for all stockholders. The stability also ensures that all stockholders have a voice when fundamental changes are made in the corporate structure or governance of the Company.

The Board has fiduciary duties under Delaware law to act in the best interests of the Company and all of its stockholders. Stockholders do not have these fiduciary duties to other stockholders. Removing the supermajority voting requirements could increase the exposure of the Company and its stockholders to the whim of a small group of short-term, activist investors that have no responsibility or accountability to other stockholders. For example, if the proposal were adopted, only a majority of the votes cast at a meeting would be needed to effect fundamental corporate changes in the Company s structure, such as changing provisions regarding the removal of directors and the voting provisions required to elect directors. This means that if 50.1% of the Company s shares were present at a meeting, stockholders holding only 25.1% of the Company s common stock could enact fundamental changes that could not be in the best interests of the stockholders owning the other 75% of the Company.

The Proponent s Statement contains material misstatements. The Board believes that Mr. Armstrong s statement misstates material facts in an attempt to convince stockholders of his position. In his statement, Mr. Armstrong asserts that only 67.44% of the shares were represented at the 2010 annual meeting so a two-thirds majority vote could be nearly impossible to attain.

Table of Contents

As reported last year by the Company, 82.8% of the outstanding shares were represented in person or by proxy at the Company s 2010 Annual Meeting. Therefore, a two-thirds vote can be obtained if there is broad stockholder support for a proposal. In his proposal Mr. Armstrong states that the Board has not taken action on his proposal to declassify the Board that was approved at the 2010 stockholder meeting. Mr. Armstrong is wrong. Since the 2010 annual meeting, the Corporate Governance Committee and the Board of Directors have each discussed on several occasions the classification of the Board and the vote on Mr. Armstrong s 2010 proposal. The Board determined to submit the proposal detailed in this proxy statement to stockholders to declassify the Board of Directors.

Recommendation of the Board of Directors

While the Board encourages and considers stockholder input in the Company s corporate governance practices, the Board believes that its role is to promote the best long-term interests of all of the stockholders. The Board believes that elimination of the supermajority provisions would not promote these interests. **Therefore, the Board recommends a vote AGAINST this proposal.**

Procedural Matters

Passage of the stockholder proposal would not automatically eliminate the supermajority voting requirements. To eliminate these provisions, the Board of Directors would be required to authorize amendments to the Charter and submit the amendments to the Charter and Restated By-Laws to stockholders for their approval. While the Board would consider proposing such amendments, it would only recommend amendments to the Company s Charter and Restated By-Laws if it believed they were in the best interests of the Company and all of its stockholders. For the amendments to be approved, stockholders holding at least two-thirds (2/3) of the outstanding shares of stock of the Company entitled to vote at the elections of directors would have to approve the amendments, provided that any changes to the supermajority vote required to approve certain related business combinations would require the approval of 70% of the outstanding Common Stock.

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

The following is a discussion and analysis of our compensation programs as they apply to our Chief Executive Officer, Chief Financial Officer and the next three most highly compensated executive officers who were serving as executive officers of the Company during fiscal year 2010 (our NEOs). Our NEOs for 2010 were Gregory Milzcik, Christopher Stephens, Jerry Burris, Patrick Dempsey and Claudia Toussaint.

In this Compensation Discussion and Analysis, we discuss our compensation policies and practices as they relate to our NEOs and explain recent changes we have made to our executive compensation program. We also provide details regarding the individual components of our NEO executive compensation program and explain how and why we make decisions to establish executive compensation at particular levels.

Executive Summary

During fiscal year 2010, the Company focused its efforts on achieving two key strategic objectives profitable sales growth and operating efficiencies. We continued to make significant investments in our worldwide application of lean, the key to increasing efficiency and responding more nimbly to our customers needs. We also continued our tradition of tight financial discipline. Our organization has effectively adjusted its cost structure to enhance profitability at lower volumes and provide incremental profits on revenue gains.

To drive our two key strategic objectives, the Company took a number of actions during fiscal year 2010 to better align our executive compensation program with those objectives. First, the Company re-established revenue as a performance measure, replacing working capital which had been put in place during the difficult economic environment of 2009 to stress the importance of conserving and carefully managing cash. In addition, as the Company s end markets in 2010 showed signs of recovery, the Company discontinued the base level performance metric that was established in 2009 due to the high level of uncertainty in the external market which made it difficult to set business goals. This base level was lower than the traditional threshold level of performance and included a commensurately lower level of projected total compensation.

As a result of these actions, our 2010 compensation program for NEOs was designed to reward positive performance with respect to the following three financial performance objectives of the Company:

- Earnings Per Share (EPS);
- Performance Profit After Tax (PPAT), excluding the Company s aftermarket revenue sharing programs (RSPs) from the Logistics and Manufacturing Services business segment s PPAT results; and
- Revenue for the Company as a whole and for each business segment (Revenue), excluding RSPs for Logistics and Manufacturing Services.

The Company s success in achieving these three financial performance objectives resulted in above-target payouts under our annual incentive program. The Company s adjusted EPS results were $0.12 above target. Our PPAT results for the Precision Components business segment were $10.3 million above target and our PPAT results for the Logistics and Manufacturing business segment (excluding RSPs) were $13.4 million below target. Company Revenue was $29.2 million above target. Revenue for the Precision Components business segment was $65.3 million above target and Revenue for the Logistics and Manufacturing business segment (excluding RSPs) was $20.5 million below target.

Executive Compensation Philosophy

We believe that executive compensation should support and reinforce a pay for performance philosophy. Consequently, the compensation paid to our NEOs is closely aligned with the Company s performance on both a short-term and a long-term basis by tying a significant portion of the compensation opportunity for our NEOs directly to the Company s stock performance and other objectives that we believe affect stockholder value. As a result, if the Company s performance results meet or exceed pre-established performance targets, the NEOs have an opportunity to realize significant additional compensation in the form of annual cash incentive payouts and long-term equity and cash incentive payouts. If the Company s performance results do not meet pre-established performance targets or our stock price declines, the NEOs have significant downside risk.

Further in line with our pay for performance philosophy, the Company aims to provide our NEOs with the opportunity to earn total direct compensation that generally falls between the 50th and 75th percentile of the total direct compensation paid to executives holding equivalent positions in a defined peer group of companies, which is referred to in this Proxy Statement as the Peer Group, and other external sources used to inform the Compensation and Management Development Committee of the Company s Board of Directors (the Compensation Committee) generally about the external market value of our executive roles. We believe that targeting this range provides an opportunity for appropriate compensation levels that will attract, provide the proper incentives for achievement of our strategic goals, and retain our NEOs over the long-term.

Total direct compensation includes the following three elements: annual base salary; annual cash incentive awards; and long-term incentive awards. In addition, our NEOs are eligible for change in control and severance benefits, pension, retirement and executive life insurance programs and certain perquisites. As part of our pay for performance philosophy, we have taken steps to reduce certain non-performance based compensation. These changes are noted in the Summary of Key Executive Compensation Changes for 2011 section in this Compensation Discussion and Analysis.

Executive Compensation General Objectives and Process

Objectives

The overarching objective of the Company s executive compensation philosophy is to support the achievement of our long-term strategic business goals of building lasting shareholder value and achieving profitable sales growth and operating efficiencies.

To support these goals, our compensation program for our NEOs is designed to:

Provide appropriate incentives by linking and balancing significant short- and long-term compensation opportunities to Company performance and total stockholder return;

Reward NEOs who contribute meaningfully to achieving our strategic objectives;

Encourage NEOs to hold a significant equity investment in our Company so that they manage the business from the perspective of stockholders;

Align our compensation polices with stockholders long-term interests by assigning a significant portion of potential compensation to performance-based pay elements that are dependent upon achieving the Company s goals, but that do not encourage excessive risk-taking;

Attract, retain and engage highly qualified individuals by offering competitive, balanced compensation arrangements based upon clear goals that vest on continued employment;

Maximize the tax effectiveness of the total compensation and benefits package to the extent practicable; and

Table of Contents

Minimize potentially adverse tax and accounting consequences and enable compliance with generally accepted accounting principles.

Process of Determining Named Executive Officer Compensation

The Compensation Committee is responsible for determining the type and amount of compensation paid to our NEOs. The Compensation Committee uses several tools to make these determinations, including: external consultants; peer group analysis; company performance; and individual performance.

External Consultants

Company management engages Frederic W. Cook & Co. Inc. (Cook) to advise management on executive compensation matters. Cook annually compiles competitive compensation data regarding each element of compensation provided by our Company and other companies, and reviews the Company s compensation practices in terms of competitiveness, appropriateness and alignment with our performance, as well as the proportions the Company allocates to each element.

The Compensation Committee directly retains a consulting firm to assist in the Compensation Committee s oversight of the executive compensation programs, including reviewing and assessing information provided by Cook. For the past several years, the Compensation Committee engaged Compensation Advisory Partners, LLC and its predecessor entity as its consultant but in November 2010, the Compensation Committee changed to Meridian Compensation Partners, LLC to bring a new perspective. The fees for the Compensation Committee s consultant are negotiated directly with the Compensation Committee and paid by the Company at the Compensation Committee s request. None of Cook, Compensation Advisory Partners, LLC, or Meridian Compensation Partners, LLC provided services for the Company in 2010 other than advice with respect to the amount or form of executive and director compensation.

Meridian Compensation Partners, LLC and formerly, Compensation Advisory Partners, LLC regularly participates in Compensation Committee meetings, both with and without Company management, and advises the Compensation Committee with respect to compensation trends and best practices, plan design, and the reasonableness of individual compensation awards. The Compensation Committee believes that the use of a separate consultant reporting directly to the Compensation Committee provides additional assurance that the Company s executive compensation programs are reasonable and consistent with Company objectives. In addition, the Compensation Committee from time to time directly retains its own outside legal counsel to advise it.

Peer Group Analysis

A primary data source used in setting the NEO compensation is the information publicly disclosed by our Peer Group. The Peer Group is reviewed annually by Cook and updated as appropriate to take into account changes in the size, scope, financial performance, ownership structure and business focus of the Company and the peer institutions. With the assistance of Cook, management recommends the Peer Group, and other competitive benchmarks against which compensation opportunities should be benchmarked, to the Compensation Committee. After considering these recommendations, the Compensation Committee approves the final Peer Group and any changes to the Peer Group. In addition, the Compensation Committee periodically requests a separate evaluation of the Peer Group by its own consultant. This second objective review helps ensure the Peer Group s ongoing relevance with respect to executive compensation determinations and provides another perspective to the Peer Group.

The Peer Group used for 2010 was established in late 2009 pursuant to the above described process. Among the factors considered by Cook in recommending to the Compensation Committee which companies should be included in the Peer Group were revenue levels within a range around the Company s annual revenue, companies that operated in one of the same industries, or used the same distribution channels as the Company. We removed from consideration companies with significant concentration of ownership by one party. The analysis also included a review of statistical data to ensure comparability with the prior Peer Group. For 2010, our Peer Group was comprised of the following 17 companies:

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.

Company Performance

The majority of our NEOs annual target compensation is variable compensation tied to performance. If performance is above targeted levels, the NEOs compensation will be above targeted levels. If performance is below targeted levels, the compensation will be below targeted levels. In 2010, the Compensation Committee established three financial performance objectives of the Company to determine payouts under our short-term and long-term incentive programs; namely EPS, PPAT and Revenue.

Individual Performance

The Compensation Committee uses individual performance as it considers appropriate to determine whether any adjustments should be made to an NEO s total direct compensation. The Compensation Committee does not establish specific individual performance criteria for our NEOs but instead looks at how overall individual performance impacts the Company s performance. Individual performance considerations include both objective and subjective factors.

The Role of Executive Officers

Mr. Gregory Milzcik, the President and Chief Executive Officer, gives the Compensation Committee a performance assessment for each of the other NEOs. Those assessments, among other data points including competitive market data, are then considered by the Compensation Committee with the assistance of its compensation consultant in determining executive compensation. Mr. Milzcik and Ms. Dawn Edwards, Senior Vice President, Human Resources, regularly attend Compensation Committee meetings at the request of the Compensation Committee but are generally not present for the executive sessions or for any discussion of the individual components of their own compensation. In addition, Mr. Christopher Stephens, Senior Vice President, Finance, and Chief Financial Officer, provides financial information used by the Compensation Committee to make decisions with respect to incentive compensation targets and related payouts.

Components of Our Executive Compensation Program

For 2010, the compensation for our NEOs consists of the following elements:

Base salary;

Annual cash incentive awards;

Long-Term incentive awards;

Change in control and severance benefits;

Pension, retirement and executive life insurance program; and

Perquisites.

Only base salary, annual cash incentive awards and long-term incentive awards are taken into account for purposes of setting the target total direct compensation mix for each NEO. Based on compilations of competitive compensation data presented by Cook in December 2010, the 2010 target total direct compensation for all NEOs was 112% of the 50th percentile and 97% of the 75th percentile of compensation of consensus competitive practice, including within our Peer Group. For Mr. Milzcik, the 2010 target total direct compensation was 113% of median, or 50th percentile, and 106% of the 75th percentile of compensation of consensus competitive practice within our Peer Group. In setting the targeted total direct compensation mix for our NEOs, the Compensation Committee may make decisions that vary from the Peer Group data based on NEO experience, level of responsibility assumed and nature and complexity of each NEOs role as well as the lack of available data from our Peer Group for a particular position, in which case broader-based competitive compensation is evaluated.

Base Salary

Base salary increases usually take effect on April 1st of each year, but may be made at interim dates within the annual cycle if the Compensation Committee deems it appropriate and necessary based on internal and external considerations. In determining whether to award merit-based salary increases to our NEOs, the Compensation Committee considered a number of factors, including the following:

Individual performance;

The level of responsibility assumed and the nature and complexity of each NEOs role (including the number of years in the position, any recent promotion or change in responsibility or impact as a member of management, and the amount, timing and percentage of the last base salary increase);

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;

Peer Group data and external market information;

Market conditions or trends related to compensation and executive talent; and

The desire to retain NEOs capable of driving achievement of the Company s strategic objectives and the marketability and criticality of retention of NEOs.

The chart below details annual base salary levels for each NEO as of April 1, 2009 and 2010, with the corresponding percentage changes reflecting the increase in 2010 base salary for all NEOs.

NEO	Base Salary Effective April 1, 2009	Base Salary Effective April 1, 2010	Change in Annual Base Salary ($)	Change in Annual Base Salary (%)
G. Milzcik	$800,000	$875,000	$75,000	9.4%
C. Stephens, Jr.	$405,000	$416,000	$11,000	2.7%
J. Burris	$405,000	$416,000	$11,000	2.7%
P. Dempsey	$405,000	$416,000	$11,000	2.7%
C. Toussaint*	Not Applicable	Not Applicable	Not Applicable	Not Applicable

* Ms. Toussaint was hired April 26, 2010 with an annual Base Salary of $345,000.

Mr. Milzcik s salary increase was awarded in part based on his performance and in part to bring his base salary to approximate the median level compared to CEOs in the Peer Group. The other NEOs received base salary increases at the approximate merit budget level for other U.S. salaried employees. The salary increases provided in April 2010 were the first salary increases provided for Messrs. Milzcik, Burris, and Dempsey since April 2008 (due to a salary freeze in 2009 other than for promotions) and the first salary increase since hire in January 2009 for Mr. Stephens.

Annual Cash Incentive Awards

We pay annual cash incentive awards to reward the performance achievements of our NEOs. Except in circumstances of retirement, death, or disability or certain instances of involuntary termination by the Company on or after November 1 of an award period, an NEO generally must be employed by us on the payment date to receive an annual cash incentive award,. For fiscal year 2010, the NEOs, other than Ms. Toussaint, participated in the Barnes Group Inc. Performance-Linked Bonus Plan for Selected Executive Officers (the PLBP). Because Ms. Toussaint joined the Company after the start of the year, she participated in the Management Incentive Compensation Plan (the MICP). The MICP is structured to pay annual cash incentive awards upon the same terms and conditions as set forth in the PLBP. We refer to these plans as our Annual Incentive Plans. However, while the PLBP is structured to pay amounts that qualify for deductibility as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, the MICP is not structured to qualify as performance based compensation under Section 162(m) of the Internal Revenue Code.

Under the Annual Incentive Plans, each NEO is assigned an award opportunity expressed as a percentage of his or her base salary, which varies by the NEO s role. Each NEO s annual cash incentive payout is generally determined based on our achievement of company performance objectives.

The chart below details the cash incentive award opportunities available to each NEO for 2010 under the applicable Annual Incentive Plan expressed as a percentage of base salary. Where performance falls between the threshold, target or maximum performance levels, the cash incentive award opportunity is calculated using straight-line interpolation.

NEO	Threshold Level	Target Level	Maximum Level
G. Milzcik	18.75%	75%	225%
C. Stephens, Jr.	12.5%	50%	150%
J. Burris	12.5%	50%	150%
P. Dempsey	12.5%	50%	150%
C. Toussaint*	11.25%	45%	135%

* For 2010, the amount of the annual cash incentive for which Ms. Toussaint is eligible is the greater of actual annual cash incentive earned prorated for the period she was employed during 2010 or the amount of her target annual cash incentive for 2010 (i.e., 45% of base salary).

The financial performance objectives for the Annual Incentive Plans are intended to be challenging but attainable. The Committee establishes the target for each financial performance objective in December of each year based on a review and approval of the Company s annual business plan and budget. We use financial performance objectives as performance measures under both the PLBP and the MICP because they are consistent with our focus of driving strong business performance and increasing long-term stockholder value. For 2010, the financial performance objectives for both the PLBP and MICP were EPS, PPAT and Revenue, based on the performance of the Company as a whole or the business segment over which the NEO has a direct influence.

Within the above objectives, all of our NEOs have performance objectives that are tied to each NEOs corporate-level responsibility (in which case basic EPS is used) or segment-level responsibility (in which case a combination of PPAT and basic EPS is used).

For NEOs with corporate-level responsibility, basic EPS is used as a measure because we believe it is a principal driver of our stock price. Basic EPS is used rather than diluted EPS 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 NEOs with segment-level responsibility (currently, the Presidents of our Logistics and Manufacturing (Mr. Dempsey) and the Precision Components (Mr. Burris) business segments, PPAT is calculated by subtracting from after tax operating profit a charge for the capital employed by the applicable business segment). We use PPAT because we believe that it encourages the efficient use of capital and tax effectiveness within a respective business segment. NEOs with segment-level responsibilities are measured on the combination of PPAT and EPS in addition to both corporate and segment revenue in recognition of the key role that each NEO plays in the overall management of the Company and the influence that Company results may have on their results.

The charts below set forth the performance objectives, targets and the weighting of each objective for the NEOs for fiscal year 2010:

NEO	Corporate Revenue	Basic EPS	Segment Revenue	Segment PPAT
G. Milzcik	15%	85%		
C. Stephens, Jr.	15%	85%		
J. Burris	6%	34%	9%	51%
P. Dempsey	6%	34%	9%	51%
C. Toussaint	15%	85%		

Results achieved under the Annual Incentive Plans are determined by excluding extraordinary, unusual or non-recurring items, discontinued operations, and other items as specified in the PLBP (in accordance with Section 162(m) of the Internal Revenue Code) and the MICP generally. The Compensation Committee also retains the discretion to reduce but not increase the amount of the calculated awards that would otherwise be paid, including elimination of awards.

The chart below details results certified by the Compensation Committee compared to the goals:

Corporate and Business				
Segments	**Threshold**	**Target**	**Maximum**	**2010 Results**
Corporate[1]				
Revenue	$1,049	$1,104	$1,185	$1,133
EPS	$0.77	$0.90	$1.05	$1.02 (adjusted)
Precision Components				
Revenue	$503	$531	$571	$596
PPAT	($23.7M)	($21.1M)	($17.4M)	($10.8M)
Logistics and Manufacturing Services[2]				
Revenue	$493	$521	$561	$500
PPAT	($20.9M)	($17.9M)	($12.6M)	($31.3M)

[1] Corporate Revenue results include RSPs.

[2] Revenue and PPAT results for Logistics and Manufacturing Services exclude RSPs.

Once the results are certified by the Compensation Committee, the annual cash incentive awards are generally paid in February of the following calendar year. The following cash incentive awards were paid to NEOs for 2010 performance based on the performance results certified by the Compensation Committee:

NEO	**Annual Incentive Earned ($)**	**Annual Incentive Earned as % of Base Salary**
G. Milzcik	$1,619,723	185%
C. Stephens, Jr.	$513,375	123%
J. Burris	$579,738	139%
P. Dempsey	$213,668	51%
C. Toussaint	$262,823	111%*

* Based upon salary paid in 2010, with a date of hire of April 26, 2010.

Long-Term Incentive Compensation

Long-term incentive award opportunities are potentially the largest component of our NEOs annual compensation depending upon our long-term performance. We believe that long-term performance is enhanced through the use of awards denominated in share value that reward our NEOs for maximizing stockholder value over time thereby aligning the interests of our employees and management with those of our stockholders. When coupled with the ownership guidelines described below, our long-term incentive awards help to encourage our NEOs 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 Company currently uses a combination of time-based equity awards and performance-based equity awards. The following types of long-term incentive awards are currently used under the terms of the Barnes Group Inc. Amended Stock and Incentive Award Plan (the Barnes Group Inc. Stock and Incentive Award Plan), which was approved by stockholders in 2010:

Stock Options

Restricted Stock Units (RSUs)

Performance Unit Awards (PUPs)

Performance Share Awards (PSAs)

Stock options and RSUs are subject to time-based vesting and generally vest over a three to five year period with staggered vesting dates to encourage NEO retention. In addition to the time-vesting requirements, stock options only have value if the Common Stock price at the time of exercise exceeds the fair market value on the date of grant.

PSAs and PUPs are subject to performance-based vesting. PSAs pay out in shares of Common Stock and accrue dividends which are paid at the same time and rate as the underlying shares that are issued based on actual performance. PUPs pay out in cash and do not accrue dividend equivalents. Both PSAs and PUPs vest ratably over a three- year time period based on attainment of three annual basic EPS targets. For example, a 2010 PUP award vests in three equal increments in 2011, 2012 and 2013 based on the achievement of an annual basic EPS target that is set annually for each of the 2010, 2011 and 2012 performance period and that is certified by the Compensation Committee after the end of each annual performance period.

The EPS target used for our PSAs and PUPs is identical to the basic EPS target used under our Annual Incentive Plans and the performance result also is determined consistent with the adjusted EPS determinations under our Annual Incentive Plans. The threshold, below target and maximum levels are derived from the basic EPS target. The 2010 EPS target applies to the last tranche of the 2008 PSA awards, the second tranche of the 2009 PUP awards and the first tranche of the 2010 PUP and PSA awards made to our NEOs. The EPS target is designed to be challenging but attainable. For 2010, the target performance level, which would result in a 100% pay-out, was basic EPS of between $.90 and $1.04. The maximum performance level, which would result in a 125% pay-out basic EPS of $1.05 or higher, the below target (but above threshold) performance level, which would result in a payout of 75% was basic EPS of between $.83 and $.89, and the threshold performance level, which would result in a 50% payout was basic EPS of between $.77 and $.82. The 2010 actual basic EPS (adjusted) performance level that the Compensation Committee certified was $1.02, which resulted in a pay-out under the applicable PUP and PSA awards at 100%. A performance graph detailing the Company s cumulative total returns over a five-year period as compared to the Russell 2000 and S&P 600 is set forth in the Company s 2010 Form 10-K.

With regard to Mr. Milzcik, initially a goal for 2010 of $1.38 had been set in February of 2008. This was before the financial crisis, including its economic impacts on the Company. In an effort to set a challenging, meaningful, and realistic goal, the Compensation Committee reset the EPS goal for Mr. Milzcik to the same level as the other NEOs in 2010. As a result, the target performance goal for Mr. Milzcik was basic EPS of between $0.90 and $1.04. In 2010, we granted PUPs to all of our NEOs in order to conserve shares, except for Ms. Toussaint who received a PSA grant in connection with her joining the company on April 26, 2010.

Long-term incentive award opportunities are established by the Compensation Committee according to the NEO s position and responsibilities, and based on a comparison to our Peer Group and competitive compensation data. Historically, the amounts and types of awards to NEOs in comparable positions have not been differentiated for individual NEO performance and experience, as the nature of their positions with the Company requires that they perform and achieve high level results. This also aids in the cultivation of collaboration among NEOs and devalues internal competitiveness.

Except with respect to the timeline for vesting, the Compensation Committee does not take into account the amount or term of existing NEO Common Stock holdings 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).

All equity grants to NEOs are generally made annually by the Compensation Committee in February. The only off-cycle equity grants made to NEOs have been for newly hired executives or promotions. During 2010, the Compensation Committee made the following new hire awards to Ms. Toussaint in connection with her commencement of employment April 26, 2010: 13,500 RSUs, 6,000 PSAs and stock options to acquire 38,200 shares of our Common Stock. These grants were designed to provide an appropriate incentive to Ms. Toussaint to join the Company in addition to providing target level long-term grants customary for her new role. In addition, in 2010, Messrs. Milzcik, Stephens, Burris, and Dempsey each received one-time supplemental RSU grants in addition to the typical equity grants made during the regular merit cycle in February 2010. These grants were made in the spirit of our pay for performance philosophy to recognize our NEOs efforts leading the Company through a challenging period, to motivate and incentivize our NEO s for continued success, and to address potential retention concerns.

In determining the mix of equity grants (e.g., stock options, RSUs, PUPs or PSAs) the Committee receives and reviews recommendations from management, based on analysis prepared by Cook. Generally, the factors considered support the pay for performance philosophy at the Company, aligning the interests of stockholders and NEOs, 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, a link to Company performance and total stockholder return). All of management s recommendations are reviewed by Cook and the Compensation Committee s consultant, which provides the Compensation Committee with its independent views of management s recommendations.

Within the categories of equity grants, the target mix for 2010 for all NEOs was approximately 33-1/3% of each of following: stock options; PSAs or PUPs; and RSUs. The target mix does not take into account off-cycle grants or supplemental awards. This mix is intended to provide our NEOs with a strong incentive to continue their successful tenures with the Company and to focus on long-term stockholder value.

Long-Term Incentive Compensation of Mr. Milzcik

For Mr. Milzcik, the Committee independently develops a mix of equity grants, using the information developed by management for the NEOs as described above, advice from the Compensation Committee s consultant, currently Meridian Compensation Partners, LLC, and other publicly available information viewed by the Compensation Committee as relevant to their determination.

The specific mix of long-term incentive awards granted to Mr. Milzcik for 2010 was approximately 30% stock options, 35% PUPs and 35% RSUs, which differs only slightly from the mix of equity awards actually awarded to the other NEOs. The following chart detail the actual long-term incentive awards granted to our NEOs in 2010, including supplemental and at-hire awards.

	Annual Stock Option Grants	At-Hire Stock Option Grants	Annual RSU Grants	Supplemental or At-Hire RSU Grants	Annual PUPs Grants	At-Hire PSA Grants
G. Milzcik	170,600		54,600	39,300	61,800	
C. Stephens, Jr.	22,400		8,100	8,100	8,100	
J. Burris	24,600		8,900	8,900	8,900	
P. Dempsey	24,600		8,900	8,900	8,900	
C. Toussaint	17,500[1]	20,700	6,000[1]	7,500		6,000

[1] These grants were awarded to Ms. Toussaint in connection with her commencement of employment. However, they are reflected as annual grants in this table because the vesting schedule for these grants was aligned with the vesting for annual grants given to other NEOs.

NEO Stock Ownership Guidelines

In addition to the above mentioned equity grant objectives, our NEOs are subject to the following stock ownership guidelines as of December 31, 2010:

Position	Multiple of Annual Salary
Chief Executive Officer	5x
All Other NEOs	3x

NEOs who became subject to the stock ownership guidelines before January 1, 2010 are given up to six years to achieve the applicable stock ownership guidelines. NEOs who become subject to the stock ownership guidelines through hire or promotion on or after January 1, 2010 are given up to five years to achieve the applicable stock ownership guidelines. As of December 31, 2010, all NEOs with six or more years under the program comply with the stock ownership guidelines, including our Chief Executive Officer who has attained the 5x multiple required under the guidelines.

Clawback Agreements and Hedging

Beginning in late 2008, we implemented a practice whereby executives hired or promoted into corporate officer positions are required to enter into clawback agreements that permit the Company to recoup or clawback certain annual incentive compensation and performance based vesting equity awards paid to those officers in situations where the awards earned by these NEOs is based on the achievement of certain financial performance targets that are later restated and would therefore result in lower awards paid. With respect to NEOs, to date, the Company has entered into agreements with our Chief Executive Officer, Chief Financial Officer and General Counsel. In addition, all of the Company s equity award agreements provide that awards may be forfeited if an employee 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. With respect to the three NEOs with whom the Company has entered into Clawback Agreements, the Compensation Committee has the discretion to make certain exceptions to the clawback requirements in his employment agreement and will ultimately determine whether any adjustment will be made.

The Company prohibits hedging transactions involving the Company s securities for any of the Company s directors or Section 16 officers (which includes our NEOs).

Risk

We believe our executive compensation program is designed to motivate and reward our NEOs for their performance during the fiscal year and over the long-term and for taking appropriate business risks consistent with our strategic objectives. The following characteristics of our executive compensation program are designed to mitigate the likelihood that our NEOs would make business decisions that present undue risk:

Our long-term incentive awards vest ratably over three or more years.

Performance targets are tied to several financial metrics, including EPS, PPAT and Revenue that are quantitative and measurable.

The performance periods and vesting schedules for long-term incentives overlap and, therefore, reduce the motivation to maximize performance in any one period.

Our stock ownership guidelines require our NEOs to own equity representing a significant multiple of their base salary, and to retain this equity throughout their tenure.

We have a practice of entering into clawback agreements with executives hired after late 2008 that allow us to recoup incentive compensation in situations where the awards earned by these NEOs is based on the achievement of certain financial performance targets that are later restated and would therefore result in lower awards paid.

Payouts under our annual and long-term incentive programs are subject to a cap. Specifically, under our current practices for NEOs, our annual cash incentive award payments are capped (at not greater than 2.25 times base salary for the Chief Executive Officer and less for other NEOs).

Summary of Key Executive Compensation Changes for 2011

In addition to the changes made to the executive compensation program for 2010, as described above, effective for the 2011 fiscal year, we made changes to the financial performance objectives under our annual cash incentive award program and restructured our long-term incentive award program. We believe these changes reflect our continued effort to structure our executive compensation program to reward our NEOs based on achievement of our strategic goals. In addition, we made significant changes to our executive perquisites. The changes effective for 2011 are summarized below.

For 2011, the Company eliminated PPAT as a financial performance objective under our annual cash incentive award program and replaced it with a combination of revenue and operating margin objectives set forth below. The applicable weighting of each objective, which is the same for all NEOs, is also set forth below.

Consolidated Revenue (15%)

Consolidated Operating Margin (15%)

Basic EPS (70%)

We believe that these objectives provide a stronger correlation with our continued focused on achieving our two key strategic goals - profitable sales growth and operating efficiencies. In addition, the measures for Messrs. Burris and Dempsey were aligned with the measures for all other NEOs in recognition of the overall strategic role that they have in managing our business.

For 2011, the long-term incentive compensation program for our NEOs will continue to include stock options and time-based RSUs. However, we have discontinued our use of cash-based PUPs, returning to a prior practice of providing PSAs which are denominated in stock. We believe this stock-based program aligns more closely with our goal of encouraging NEOs to hold an equity stake in the Company. We also implemented a relative measure program with respect to PSAs so they are now designed to assess long-term performance of the Company relative to the performance of companies included in the Russell 2000 Index, measured over a three-year performance period commencing on January 1, 2011. Unlike the previous program, which was based on annual basic earnings per share measured against the Company s internal plan, the new program is based on the Company s total shareholder return, basic earnings per share growth and operating income before depreciation and amortization growth (weighted equally) as compared to the same measures for companies in the Russell 2000 Index over the applicable performance period. Under the new program, participants may earn between 0% and 250% of the target award (determined independently for each measure), depending on the Company s percentile ranking within the Russell 2000 Index.

In addition, the 2011 long-term incentive awards require a double trigger for accelerated vesting in the event of a change in control. Specifically, except for Mr. Milzcik who is bound by the terms of his employment agreement, in the event of a change in control as defined in the Stock and Incentive Award Plan, PSAs will vest and accelerate only if an NEO s employment is terminated by the Company without cause, or if the NEO resigns for good reason (as defined in the severance agreements) for our NEOs on or within two years following a change in control.

The Company also approved a reduction of certain perquisites provided to our NEOs. The changes will be effective April 1, 2011 and include the following:

Elimination of the annual cash perquisite allowances of $20,000 or $25,000;

Elimination of tax gross-ups on Company-paid annual physicals (for amounts not otherwise covered by health insurance) and annual financial planning and tax preparation services; and

Inclusion of an annual cap of $100,000 for the CEO s personal use of Company-leased aircraft, the value of which is subject to tax, without gross-up.

In connection with the elimination of the perquisite allowances for our NEOs we approved a $15,000 salary increase for each NEO effective April 1, 2011. No separate merit increases were approved.

In addition, the Company closed participation in the Company s Senior Enhanced Executive Life Insurance Program to any employee hired or promoted into an eligible position after April 1, 2011 and eliminated the Company-paid premium and related tax gross-up payments following retirement after April 1, 2011 (except that the current program would be maintained during retirement for current employees who have attained or will attain age 62 within 10 years of service on or before December 31, 2011). None of our NEOs have attained or will attain age 62 with 10 years of service on or before December 31, 2011.

Pension and Other Retirement Programs

In addition to our 401(k) plan, our NEOs have the opportunity to participate in one or more of the following additional retirement plans:

Salaried Retirement Income Plan (Qualified Plan);

Supplemental Executive Retirement Plan (SERP);

Retirement Benefit Equalization Plan (RBEP);

Modified Supplemental Senior Officer Retirement Plan (MSSORP); and

2009 Deferred Compensation Plan (DC Plan).

The Qualified Plan is a broad-based tax-qualified defined benefit pension plan. The SERP, the RBEP and MSSORP are non-tax-qualified supplemental executive retirement plans that provide more generous benefits than are available under the Qualified Plan to certain designated employees and senior level officers, including all NEOs. We believe these more generous benefits are an important part of the overall compensation provided to our NEOs and serve as a strong retention incentive. The chart below summarizes which NEOs participate in each of the qualified and non-qualified pension and retirement plans. A more detailed discussion of the pension benefits payable to our NEOs is described in the Pension Benefits Table and the narrative following the table.

NEO	Qualified Plan	SERP	RBEP	MSSORP	DCP
G. Milzcik	X	X	X	X	
C. Stephens, Jr.	X	X	X		X
J. Burris	X	X	X	X	
P. Dempsey	X	X	X	X	
C. Toussaint	X	X	X		X

Change in Control and Employment Termination Benefits

The Company provides change in control benefits specifically to retain key executives, including NEOs, during potential changes in control, to provide continuity of management and to provide income continuation for NEOs who are particularly at risk of involuntary termination in the event of a restructuring in connection with a change in control. These benefits were designed to be part of a competitive compensation package and keep our executive officers focused on our business goals and objectives and we believe that these benefits are a necessary part of any total compensation package to attract and retain key executives. In some instances these agreements provide for payments and other benefits if we terminate a NEOs employment without cause, or if an NEO terminates employment for good reason, either before or after a change in control. None of the agreements for our NEOs include a gross up for any taxes as a result of golden parachute payments. For more detail on Section 280G of Internal Revenue Code see the discussion below under Tax and Accounting Considerations. In addition, we generally do not provide change in control cash compensation benefits in excess of severance compensation equal to two times the executive s base salary plus payments under the annual cash incentive programs. Our agreements with our NEOs also provide for continuation of group health, life insurance and other benefits for 24 months following the executive termination and for certain other benefits. The terms of the change in control and incremental termination benefits payable to our NEOs are described in more detail below under Potential Payments Upon Termination or Change in Control.

Perquisites and Other Benefits

In fiscal year 2010, the Company provided certain perquisites to our NEOs. The perquisites are fully described in the footnotes to the summary compensation table and generally fall into the following categories: financial planning assistance, annual physical, cash allowance, and personal use of the company aircraft (for the Chief Executive Officer only). The changes to the Company s perquisite programs effective April 1, 2011 are described above. All NEOs are eligible to participate in the Company s Senior Executive Enhanced Life Insurance Program, under which the Company pays the premiums for a life insurance policy owned by each NEO and pays the NEO s income tax liability arising from its payment of the premiums and taxes (although the Company has modified this program as previously described to close participation to any employee hired or promoted into an eligible position after April 1, 2011 and to eliminate the Company-paid premium and related tax gross-up payments following retirement after April 1, 2011, except for certain current employees who meet specific criteria). Each of our NEOs participates in other employee benefit plans generally available to all employees (e.g., major medical and health insurance, 401(k) Plan) on the same terms as all other employees.

Tax and Accounting Considerations

Internal Revenue Code Section 162(m)

As discussed above, our Compensation Committee considers the tax and accounting treatment associated with cash and equity awards it makes, although these considerations are not the overriding factor that the Committee uses in making its decisions. 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. The Company grants awards intended to meet this exception including annual cash incentive awards, stock option awards, and PSAs and PUPs. Grants of restricted stock or stock units that vest solely on the basis of service do not qualify for the exception. To maintain flexibility in compensating NEOs in a manner designed to promote varying Company goals, our Committee has not adopted a policy requiring all compensation to be deductible. Our Compensation Committee may approve compensation or changes to plans, programs or awards that may cause the compensation or awards to exceed the limitation under Section 162(m) if it determines that action is appropriate and in our best interests.

Internal Revenue Code Section 280G

The Company also periodically reviews the severance agreements entered into between the Company and the NEOs to assess the impact of Internal Revenue Code Section 280G. Currently, the severance agreements do not provide for any gross up to compensate our NEOs 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.

Accounting for Equity Compensation

The Company accounts for its stock-based employee compensation plans at fair value on the grant date and recognizes the related cost in its consolidated statement of income in accordance with accounting standards related to share-based payments. The fair values of stock options are estimated using the Black-Scholes option-pricing model based on certain assumptions. The fair values of other stock awards are estimated based on the fair market value of the Company s stock price on the grant date.

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

Mylle H. Mangum, Chair

Thomas J. Albani

John W. Alden

Gary G. Benanav

George T. Carpenter

Risk Oversight and Assessment Policies and Process

Our Audit Committee is ultimately responsible for overall risk oversight for the Company generally. See Board Leadership Structure and Rule in Risk Oversight on page 68. With respect to incentive compensation, the Compensation Committee evaluates and reviews our incentive compensation arrangements annually based on an inventory of all relevant compensation programs prepared by the Human Resources Department which includes details of the principal features of the programs, including any key risk mitigation factors such as (i) the mix of equity award instruments used under our long-term incentive program; (ii) the multi-year vesting of our equity awards; (iii) our stock ownership guidelines; and (iv) the clawback agreements in place for certain executives. The Compensation Committee also consults with our Board of Directors and makes certain recommendations to the Board of Directors regarding the Company s compensation programs as necessary. Based on the Compensation Committee s evaluation, the Compensation Committee has concluded that the overall structure of the compensation programs for NEOs and company-wide employees are designed with the appropriate balance of risk and reward in relation to the Company s overall business strategy and are not reasonably likely to have a material adverse effect on the Company.

Summary Compensation Table for 2010, 2009 and 2008

The following table sets forth aggregate amounts of compensation information for the years ended December 31, 2010, 2009 and 2008 for services rendered in all capacities, by our NEOs, for the fiscal year ended December 31, 2010.

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	2010	$ 856,250	$	$ 2,376,761	$ 929,770	$ 1,619,723	$ 1,185,353	$ 335,628	$ 7,303,485
President and Chief	2009	800,000		1,305,300	837,207	151,200	444,824	272,080	3,810,611
Executive Officer	2008	775,000		1,557,866	557,525	149,430	156,795	281,636	3,478,252
Christopher J. Stephens, Jr.	2010	413,250	124,000	370,940	122,080	513,375	27,478	135,112	1,706,235
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
Jerry W. Burris	2010	413,250		407,576	134,070	579,738	209,553	89,201	1,833,388
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	2010	413,250		407,576	134,070	213,668	225,597	98,904	1,489,837
Vice President, Barnes	2009	405,000		744,250	156,861	50,625	135,070	76,504	1,568,310
Group Inc. and President, Logistics and Manufacturing Services	2008	405,000	202,500				107,994	210,657	926,151
Claudia S. Toussaint Senior Vice President, General Counsel and Secretary	2010	236,635		407,355	284,906	262,823	17,273	199,363	1,408,355

Notes to the above table:

[1] In connection with his offer of employment, the Company agreed to pay Mr. Stephens a $50,000 at-hire bonus in 2009 and a $124,000 bonus in 2010. The $124,000 bonus was to be paid upon Mr. Stephens completion of one year of satisfactory service with the company in lieu of an at-hire long-term incentive award. 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 RSUs, PSAs, and PUPs granted to NEOs under the Barnes Group Inc. Stock and Incentive Award Plan. PUP awards are denominated in units with each unit being equivalent in value to one share of Common Stock and are payable in cash. The PUP awards vest upon satisfying established performance goals. The value disclosed in this column for the PUPs for Messrs. Milzcik, Stephens, Burris, and Dempsey and the PSAa for Ms. Toussaint represents the amount of compensation if target goals are met. The maximum grant date fair value of the performance units granted in 2010 was $1,179,221 for Mr. Milzcik, $154,558 for Mr. Stephens, $169,823 for each of Messrs. Burris and Dempsey, and $156,675 for Ms. Toussaint. The fair value was determined based on the market value of Common Stock on the date of grant, as described in Note 13 (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, 2010.

[3] Option Awards represent the aggregate grant date fair value of stock options granted to NEOs 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 13 (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, 2010.

[4] Non-Equity Incentive Plan Compensation includes amounts earned under the Company s Performance-Linked Bonus Plan for Messrs. Milzcik, Stephens, Burris, and Dempsey, and the Management Incentive Compensation Plan for Ms. Toussaint. For 2010, the amount of the annual cash incentive for which Ms. Toussaint is eligible is the greater of actual annual cash incentive earned prorated for the period she was employed during 2010 or the amount of her target annual cash incentive for 2010 (i.e., 45% of base salary).

[5] The amount listed in Change in Pension Value and Nonqualified Deferred Compensation Earnings represents the annual increase in pension value for the NEOs under 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, 2010, December 31, 2009 and December 31, 2008, 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, 2010 or December 31, 2009 or December 31, 2008, as applicable, and no pre-retirement mortality, disability, or termination is assumed. The U.S. discount rates of 5.65%, 6.20% and 6.50%, respectively, are detailed in the Management Discussion and Analysis of the Company s Form 10-K filed for the three fiscal years in the period ended December 31, 2010.

Table of Contents

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	2010	$ 85,922
	RBEP	2010	N/A
President and Chief Executive Officer	MSSORP	2010	982,928
	SERP	2010	116,503
	TOTAL	**2010**	**1,185,353**
	Qualified	2009	$ 60,560
	RBEP	2009	N/A
	MSSORP	2009	340,546
	SERP	2009	43,718
	TOTAL	**2009**	**444,824**
	Qualified	2008	$ 31,785
	RBEP	2008	N/A
	MSSORP	2008	109,595
	SERP	2008	15,415
	TOTAL	**2008**	**156,795**
Christopher J. Stephens, Jr.	Qualified	2010	$ 24,883
	RBEP	2010	N/A
Senior Vice President, Finance and Chief Financial	MSSORP	2010	N/A
	SERP	2010	2,595
Officer	**TOTAL**	**2010**	**27,478**
	Qualified	2009	$ 16,313
	RBEP	2009	N/A
	MSSORP	2009	N/A
	SERP	2009	1,695
	TOTAL	**2009**	**18,008**
Jerry W. Burris	Qualified	2010	$ 36,631
	RBEP	2010	N/A
Vice President, Barnes Group Inc. and President,	MSSORP	2010	150,463
	SERP	2010	22,459
Precision Components	**TOTAL**	**2010**	**209,553**
	Qualified	2009	$ 25,572
	RBEP	2009	N/A
	MSSORP	2009	55,949
	SERP	2009	9,779
	TOTAL	**2009**	**91,300**

Name and Principal Position	Plan Name	Year	Amounts
Patrick J. Dempsey	Qualified	2010	$ 58,092
	RBEP	2010	N/A
Vice President, Barnes Group Inc. and President,	MSSORP	2010	146,244
	SERP	2010	21,261
Logistics and Manufacturing Services	**TOTAL**	**2010**	**225,597**
	Qualified	2009	$ 41,093
	RBEP	2009	N/A
	MSSORP	2009	81,262
	SERP	2009	12,715
	TOTAL	**2009**	**135,070**
	Qualified	2008	$ 23,346
	RBEP	2008	N/A
	MSSORP	2008	74,474
	SERP	2008	10,174
	TOTAL	**2008**	**107,994**
Claudia S. Toussaint	Qualified	2010	$ 16,359
	RBEP	2010	N/A
Senior Vice President, General Counsel and Secretary	MSSORP	2010	N/A
	SERP	2010	914
	TOTAL	**2010**	**17,273**

Notes to the above table:

Consistent with financial calculations in the notes to the Consolidated Financial Statements for the fiscal years ending December 31, 2010, December 31, 2009 and December 31, 2008, 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, 2010 is 5 year installments (which are actuarially equivalent to the life annuity) for the NEO MSSORP participants. The 2010, 2009 and 2008 qualified plan limits of $245,000, $245,000 and $230,000, respectively, have been incorporated.

[a] The amount listed in this column for Mr. Stephens and Ms. Toussaint assumes that they will vest under the Barnes Group 2009 Deferred Compensation Plan and therefore would not be eligible to receive benefits under the RBEP.

[6] The compensation represented by the amounts for 2010 set forth in the All Other Compensation column for the NEOs is detailed in the following table:

Name and Principal Position	Year	Taxes Paid on All Other Compensation[a]	Personal Usage of Company Aircraft[b]	Life Insurance Premiums[c]	Perquisite Allowance[d]	Deferred Compensation Plan[e]	Relocation[f]	Other[g]	All Other Perquisites[h]	Total
Gregory F. Milzcik President and Chief Executive Officer	2010	$ 67,656	$ 145,272	$ 77,108	$ 25,000	$	$	$ 4,250	$ 16,342	$ 335,628
Christopher J. Stephens, Jr. Senior Vice President, Finance and Chief Financial Officer	2010	27,604		31,749	$	43,856		5,513	$ 26,390	135,112
Jerry W. Burris Vice President, Barnes Group Inc. and President, Precision Components	2010	24,640		30,822	25,000			5,513	3,226	89,201
Patrick J. Dempsey Vice President, Barnes Group Inc. and President, Logistics and Manufacturing Services	2010	30,474		26,410	25,000			5,213	11,807	98,904
Claudia S. Toussaint Senior Vice President, General Counsel and Secretary	2010	66,324		16,523			92,354	5,513	18,649	199,363

Notes to the above table:

[a] This column represents the reimbursement of taxes paid on eligible compensation included in the All Other Compensation table for the NEOs in accordance with the Company s policies and practices.

[b] 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 chief executive officer. Amounts in the Summary Compensation Table for 2009 and 2008 have been adjusted to reflect travel to external board of directors meetings by Mr. Milzcik to be consistent with the 2010 presentation.

[c] Payments made under the Senior Executive Enhanced Life Insurance Program (SEELIP). The SEELIP applies to officers and selected other employees for which the Company pays individual life insurance policies that are owned by the participants, with the life insurance coverage equal to four times salary. The NEOs are grossed up for the associated income taxes, therefore, incurring no out-of-pocket expense for the policies. The Company generally ceases to pay policy premiums on termination of employment, unless the NEO 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.

[d] Payments made to Messrs. Milzcik, Burris and Dempsey 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.

[e]

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

[f] Ms. Toussaint received relocation benefits consistent with Company policy and practices. Ms. Toussaint s relocation benefits included reimbursement for homefinding trips, temporary housing, closing costs paid on the sale of her residence, and a miscellaneous allowance for relocation expenses. These amounts also include the cost to move Ms. Toussaint s household goods which was paid directly by the Company. In addition, Ms. Toussaint received a tax gross-up on all items considered to be taxable, which are reflected in the Taxes Paid on All Other Compensation column.

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

[h] Included in All Other Perquisites are payments made for financial planning and tax preparation services for Messrs. Milzcik, Stephens, and Dempsey, and Ms. Toussaint; executive physical examinations for Mr. Milzcik and Mr. Dempsey; gifts for Messrs. Milzcik, Stephens, Burris, and Dempsey, and Ms. Toussaint given in connection with corporate functions; Company-paid office parking for Mr. Dempsey, Company-paid travel and activities by spouses on business trips for Messrs. Milzcik, Stephens, Burris, and Dempsey, and Ms. Toussaint; and payments made for the annual cash perquisite allowance for Mr. Stephens and Ms. Toussaint.

Grants of Plan-Based Awards in 2010

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**All Other Option Awards: Number of Securities Underlying Options (#)[4]**	**Exercise or Base Price of Option Awards ($/Sh)[5]**	**Grant Date Fair Value of Stock and Option Awards ($)**
G. Milzcik	2/8/2010								170,600	15.26500	929,970
	2/8/2010[2]				30,900	61,800	77,250				943,377
	2/8/2010							93,900			1,433,384
	[1]	164,063	656,250	1,968,750							
C. Stephens, Jr.	2/8/2010								22,400	15.26500	122,080
	2/8/2010[2]				4,050	8,100	10,125				123,647
	2/8/2010							16,200			247,293
	[1]	52,000	208,000	624,000							
J. Burris	2/8/2010								24,600	15.26500	134,070
	2/8/2010[2]				4,450	8,900	11,125				135,859
	2/8/2010							17,800			271,717
	[1]	52,000	208,000	624,000							
P. Dempsey	2/8/2010								24,600	15.26500	134,070
	2/8/2010[2]				4,450	8,900	11,125				135,859
	2/8/2010							17,800			271,717
	[1]	52,000	208,000	624,000							
C. Toussaint [6]	4/26/2010								20,700	20.89000	154,386
	4/26/2010								17,500	20.89000	130,520
	4/26/2010[3]				3,000	6,000	7,500				125,340
	4/26/2010							7,500			156,675
	4/26/2010							6,000			125,340
	[1]	38,813	155,250	465,750							

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. For 2010, Ms. Toussaint was paid under the Management Incentive Compensation Plan. As part of her offer of employment, for 2010 Ms. Toussaint was guaranteed the greater of actual annual cash incentive earned prorated for period she was employed during 2010 or the amount of her target annual cash incentive for 2010 (i.e. 45% of base salary).

[2] This row sets for the range of the potential number of performance unit plan awards that could be earned under performance unit plan awards granted in 2010 under the Barnes Group Inc. Stock and Incentive Award Plan. The awards are payable in cash and the value for Mr. Milzcik represents threshold $471,689, target $943,377 and maximum $1,179,221, for Mr. Stephens $61,823 threshold, $123,647 target and $154,558 maximum and for Messrs. Burris and Dempsey $67,929 threshold, $135,859 target and $169,823 maximum.

[3] This row set forth the range of the number of shares of Common Stock that could be issued under performance share awards granted in 2010 under the Barnes Group Inc. Stock and Incentive Award Plan.

[4] Stock options granted under the Barnes Group Inc. Stock and Incentive Award Plan are described in the Outstanding Equity Awards at Fiscal-Year End table.

[5] 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.

[6] Ms. Toussaint was elected Senior Vice President, General Counsel and Secretary on April 26, 2010 and received stock options, restricted stock units and a performance share award at that time.

Table of Contents

Discussion Concerning Grants of Plan-Based Awards Table

For a discussion regarding the Performance-Linked Bonus Plan for Selected Executive Officers, the Management Incentive Compensation Plan and the Barnes Group Stock and Incentive Award Plan, please see the Compensation Discussion and Analysis. The vesting schedule for outstanding restricted stock units, performance share awards and stock option awards are set forth in the footnotes to the table for Outstanding Equity Awards at Fiscal Year-End.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes equity awards granted to the Company s NEOs that remain outstanding as of December 31, 2010:

			Option Awards				Stock Awards			
Name	Notes	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Options (#) Unexercisable	Option Exercise Price ($)[1]	Option Expiration Date[14]	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units of Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout of Unearned Shares, Units or Other Rights That Have Not Vested ($)
G. Milzcik	12	2/8/2010		170,600	$ 15.26500	2/8/2020				
	11	2/10/2009	75,969	151,931	$ 11.45000	2/10/2019				
	6	7/24/2008	14,575	29,140	$ 24.39500	7/24/2018				
	10	2/13/2008	30,334	15,166	$ 26.38005	2/13/2018				
	8	2/14/2007	54,600		$ 22.33500	2/14/2017				
	6	10/19/2006	247,524		$ 20.21000	10/19/2016				
	6	2/15/2006	32,000		$ 18.62750	2/15/2016				
	7	11/10/2005	10,470		$ 17.45000	2/5/2012				
	7	11/10/2005	4,534		$ 17.45000	2/6/2011				
	7	11/10/2005	25,298		$ 17.45000	2/5/2012				
	7	11/10/2005	3,050		$ 17.45000	2/6/2011				
	7	5/10/2005	41,880		$ 15.19250	2/6/2011				
	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	10,174		$ 15.19250	2/5/2012				
	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				
	23	2/8/2010					93,900	$ 1,940,913		
	22	2/10/2009					57,000	$ 1,178,190		
	19	7/24/2008					5,466	$ 112,982		
	18	2/13/2008					7,592	$ 156,927		
	17	2/14/2007					4,528	$ 93,594		
C. Stephens, Jr.	12	2/8/2010		22,400	$ 15.26500	2/8/2020				
	11	2/10/2009	8,334	16,666	$ 11.45000	2/10/2019				
	23	2/8/2010					16,200	$ 334,854		
	22	2/10/2009					6,300	$ 130,221		

			Option Awards				Stock Awards			
Name	**Notes**	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Options (#) Unexercisable**	**Option Exercise Price ($)[1]**	**Option Expiration Date[14]**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)[2]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units of Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
J. Burris	12	2/8/2010		24,600	$ 15.26500	2/8/2020				
	11	2/10/2009	14,234	28,466	$ 11.45000	2/10/2019				
	9	2/14/2007	48,667	24,333	$ 22.33500	2/14/2017				
	8	2/14/2007	25,000		$ 22.33500	2/14/2017				
	6	7/19/2006	20,000		$ 18.32500	7/19/2016				
	23	2/8/2010					17,800	$ 367,926		
	22	2/10/2009					10,700	$ 221,169		
	15	2/10/2009					21,800	$ 450,606		
	17	2/14/2007					1,998	$ 41,299		
	21	7/19/2006					7,459	$ 154,178		
P. Dempsey	12	2/8/2010		24,600	$ 15.26500	2/8/2020				
	11	2/10/2009	14,234	28,466	$ 11.45000	2/10/2019				
	9	2/14/2007	48,667	24,333	$ 22.33500	2/14/2017				
	8	2/14/2007	25,000		$ 22.33500	2/14/2017				
	6	2/15/2006	24,000		$ 18.62750	2/15/2016				
	7	11/9/2005	3,652		$ 17.47500	2/5/2012				
	7	8/30/2005	1,232		$ 17.08750	2/5/2012				
	7	8/30/2005	460		$ 17.08750	2/5/2012				
	6	2/16/2005	24,000		$ 12.61500	2/16/2015				
	3	12/8/2004	20,000		$ 13.28500	12/8/2014				
	23	2/8/2010					17,800	$ 367,926		
	22	2/10/2009					10,700	$ 221,169		
	15	2/10/2009					21,800	$ 450,606		
	16	10/5/2007					2,033	$ 42,022		
	17	2/14/2007					1,998	$ 41,299		
C. Toussaint	13	4/26/2010		20,700	$ 20.89000	4/26/2020				
	12	4/26/2010		17,500	$ 20.89000	4/26/2020				
	24	4/26/2010					7,500	$ 155,025		
	23	4/26/2010					6,000	$ 124,020		
	25	4/26/2010							4,000	$ 82,680

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, 2010, the last trading day of fiscal year, the closing market value of the Common Stock was $20.67.

[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 eig