

BARNES GROUP INC
Form 8-K
February 22, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 15, 2006

BARNES GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-04801
(Commission File Number)

06-0247840
(I.R.S. Employer Identification No.)

123 Main Street, Bristol, Connecticut
(Address of principal executive offices)

06011-0489
(Zip Code)

(860) 583-7070

Registrant's telephone number, including area code

Not Applicable

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into A Material Definitive Agreement

On February 15, 2006, the Compensation and Management Development Committee of the Company's Board of Directors (the "Compensation Committee") took the following actions:

A. Executive Compensation.

The Compensation Committee took the following actions with respect to the named executive officers of the Company as determined as of December 31, 2005 (the "named executive officers").

1. Long-Term Incentive Grants. Each of the awards described below was made pursuant to, and is governed by, the terms of the Barnes Group Inc. Stock and Incentive Award Plan, which has been approved by the Company's stockholders.

	Long Term Incentive Grants ¹		
	Restricted	Performance	Stock
	Stock Units	Share Awards	Options
J.R. Arrington Senior Vice President, Human Resources	5,000	2,400	11,000
W.C. Denninger Senior Vice President, Finance and Chief Financial Officer	5,400	3,000	12,000
S.S. Gates Senior Vice President, General Counsel and Secretary	5,000	2,400	11,000
P.A. Goodrich Senior Vice President, Corporate Development	5,000	2,400	11,000

¹ No long-term incentive grants were made at the February 15, 2006 meeting of the Compensation Committee for Mr. E.M. Carpenter, President and Chief Executive Officer, since his grants made in 2005 were intended to cover a two-year period.

Restricted Stock Units

Each restricted stock unit award entitles the holder to receive, without payment to the Company, the number of shares of the Company's Common Stock, par value \$.01 (the Common Stock) equal to the number of restricted stock units that become vested and to receive dividend equivalents on the restricted stock units determined by multiplying the number of restricted stock units by the dividend per share paid on the Common Stock on each date on which a dividend is paid to the holders of Common Stock. The restricted stock units vest 33.34% on August 15, 2008 and 33.33% on each of August 15, 2009 and August 15, 2010; provided, that upon a change in control of the Company, all of the restricted stock units shall vest.

The restricted stock units become non-forfeitable in the event the holder retires on or after February 15, 2008; provided, that the holder is at least 62 years old and has at least five years of service (a Qualified Retirement) and executes a covenant not to compete and release of claims.

The restricted stock units will be accelerated and become payable upon termination of the holder due to the holder's death or disability or upon a change in control of the Company. In the event of the holder's termination for any other reason, the unvested portion of the restricted stock units shall be forfeited.

Performance Share Awards

The performance share awards are to be earned as follows: 33.34% for fiscal year 2006 and 33.33% for each of fiscal years 2007 and 2008, upon attainment of designated earnings per share; provided, that upon a change in control of the Company, all of the performance share awards shall be deemed to be earned.

In the event of a voluntary termination, involuntary termination with or without cause or a Qualified Retirement, the holder shall forfeit all unearned performance share awards. In the event of termination due to death or disability, any performance share unit awards earned in the year of such termination shall be paid and the remainder shall be forfeited.

On or about March 1 of each year following the year in which the performance share awards are earned, the number of shares of Common Stock equal to the number of earned awards will be delivered to the named executive officers. Dividend equivalents on all earned performance share unit awards will be paid based upon dividends paid on outstanding shares of Common Stock.

Stock Options

The stock options shall vest at the rate of 33.34% on August 15, 2007 and 33.33% on each of August 15, 2008 and August 15, 2009. The exercise price of each stock option is \$ 37.255, the fair market value of a share of the Common Stock on the date of the grant, determined in accordance with the Barnes Group Inc. Stock and Incentive Award Plan.

In the event of a termination due to death, disability or a change in control of the Company, the stock options will become exercisable in full. In the event of a death or disability termination, the stock options may be exercised within one year of such termination.

In the event of an involuntary termination without cause, unvested stock options shall be forfeited and the holder shall have one year to exercise vested stock options. In the event of an involuntary termination for cause all stock options are forfeited. In the event of a voluntary termination, unvested stock options shall be forfeited and vested options shall terminate as of the last day of employment.

In the event of a Qualified Retirement on or after February 15, 2007, so long as the holder executes a covenant not to compete, stock options shall continue to vest as scheduled. If the holder does not execute such covenant, unvested stock options shall be forfeited. If the holder also executes a release of claims, the holder shall have five years from the retirement date to exercise vested stock options. If the holder does not execute such release, the holder shall have one year to exercise vested stock options.

Other action

With respect to performance share awards granted to Mr. E.M. Carpenter in 2003, 2004 and 2005 that are to be earned in 2005 and 2006 upon attainment of targeted earnings per share levels, the Compensation Committee determined that 100% of the shares available to be earned for fiscal 2005, 64,000 shares, had been earned.

With respect to performance share awards granted to each of Messrs. Arrington, Denninger and Goodrich, and Ms. Gates in 2005 that are to be earned in 2005, 2006 and 2007 upon attainment of targeted earnings per share levels, the Compensation Committee determined that 100% of the shares available to be earned for fiscal 2005, 2,000 shares for each of Mr. Arrington, Mr. Goodrich and Ms. Gates and 2,500 shares for Mr. Denninger, had been earned.

2. Salary

The Compensation Committee approved the following with respect to the named executive officers.

	Salary
E.M. Carpenter	\$ 825,000
President and Chief Executive Officer	
J.R. Arrington	\$ 326,000
Senior Vice President, Human Resources	
W.C. Denninger	\$ 400,000
Senior Vice President, Finance and Chief Financial Officer	
S.S. Gates	\$ 332,000
Senior Vice President, General Counsel and Secretary	
P.A. Goodrich	\$ 305,000
Senior Vice President, Corporate Development	

3. Bonus Awards

The Compensation Committee granted the following cash bonuses pursuant to the Company's Performance-Linked Bonus Plan for Selected Executive Officers (PLBP) to the named executive officers. The grants were based on target 2005 revenue and earnings per share levels set on February 16, 2005 by the Compensation Committee.

	Bonus Award
E.M. Carpenter	\$ 1,628,024
President and Chief Executive Officer	
J.R. Arrington	\$ 386,993
Senior Vice President,	
Human Resources	
W.C. Denninger	\$ 511,566
Senior Vice President,	
Finance and Chief Financial Officer	
S.S. Gates	\$ 394,459
Senior Vice President,	
General Counsel and Secretary	
P.A. Goodrich	\$ 363,350
Senior Vice President,	
Corporate Development	

The Compensation Committee established the target revenue and earnings per share amounts with respect to bonus payouts under the PLBP for fiscal year 2006 at their December 15, 2005 meeting.

B. Director Compensation

On February 15, 2006, the Compensation Committee approved a grant of 1,610 restricted stock units under the Barnes Group Inc. Stock and Incentive Award Plan to each director who immediately after the 2006 Annual Stockholders Meeting will be a continuing non-management director. These restricted stock units vest as follows: 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date. The restricted stock units immediately vest in full in the event of a change in control or the Director's death, disability or retirement from the Board of Directors at the annual meeting of stockholders following his or her attainment of age 70. Dividend equivalents equal to the dividend per share are paid on each restricted stock unit on each dividend payment date.

SIGNATURES

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

Dated: February 22, 2006

BARNES GROUP INC.
(Registrant)

By: /s/ Signe S. Gates
Signe S. Gates

Senior Vice President, General Counsel and Secretary