

Edgar Filing: BARNES GROUP INC - Form 10-K405

BARNES GROUP INC  
Form 10-K405  
March 22, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
--- SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

\_\_\_\_\_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-4801

BARNES GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware  
-----

06-0247840  
-----

(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

123 Main Street, Bristol, Connecticut  
-----

06011-0489  
-----

(Address of Principal Executive Office)

(Zip Code)

Registrant's telephone number, including area code: (860) 583-7070

Securities registered pursuant to Section 12(b) of the Act:

Title of each class \_\_\_\_\_ Name of each exchange on which registered \_\_\_\_\_

Common Stock, \$0.01 Par Value

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant: (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports); and (2) has been subject to such  
filing requirements for the past 90 days. Yes X No \_\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405  
of Regulation S-K is not contained herein, and will not be contained, to the  
best of registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to this  
Form 10-K. X  
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The aggregate market value of the registrant's voting stock held by  
non-affiliates amounted to \$333,581,909 as of January 31, 2002. The registrant

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had outstanding 18,464,330 shares of common stock as of January 31, 2002.

### Documents Incorporated by Reference:

Parts I and II incorporate information by reference from the registrant's 2001 Annual Report to Stockholders. Part III incorporates information by reference from the registrant's Proxy Statement dated March 13, 2002.

### PART I

#### Item 1. Business.

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The Company is a diversified international manufacturer of precision metal parts and distributor of industrial supplies, serving a wide range of markets and customers. Founded in 1857 and headquartered in Bristol, Connecticut, the Company was organized as a Delaware corporation in 1925. The Company consists of three businesses: Associated Spring, one of the world's largest manufacturer of precision mechanical and nitrogen gas springs; Barnes Aerospace, a manufacturer and repairer of highly engineered assemblies and products for aircraft engines, airframes, and land-based industrial gas turbines; and Barnes Distribution, an international distributor of maintenance, repair and operating supplies. The Company has more than 5,100 employees at over 50 locations worldwide.\*

#### Associated Spring. Associated Spring is the largest

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manufacturer of precision springs in North America, and one of the largest precision spring manufacturers in the world. Associated Spring is equipped to produce virtually every type of precision spring, from fine hairsprings for electronics and instruments to large heavy-duty springs for machinery. Nearly all of Associated Spring's products are highly engineered custom solutions with order sizes ranging from just a few units to several million. These products are made of various metals, and are purchased primarily by durable goods manufacturers in industries such as farm equipment, telecommunications, medical devices, home appliances, electronics and transportation. Associated Spring also manufactures nitrogen gas springs and manifold systems used to precisely control stamping presses utilized in metal forming industries.

Through Associated Spring's ability to conduct product design and development, physical product and material testing, rapid prototyping and reduction of manufacturing-cycle times, the Company provides complete engineering solutions from concept to manufacturing. Associated Spring's precision mechanical springs are sold in the United States and through the Company's foreign subsidiaries to manufacturers in many industries, chiefly for use as components in their own products. Precision springs are sold primarily through Associated Spring's sales employees.

Associated Spring has a global and diverse customer base, including manufacturers of industrial and textile machinery, motors, generators, electronic equipment, aircraft, household appliances and fixtures, hardware, office equipment, agricultural equipment, railroad equipment, general machinery, scientific instruments, light vehicles and heavy trucks.

Associated Spring has manufacturing operations in the United States, Brazil, Canada, China, Mexico, Singapore, and Sweden, and has retained a minority interest of 15% in its former subsidiary in Argentina.

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\*As used in this annual report, "Company" refers to the registrant and its consolidated subsidiaries except where the context requires otherwise, and "Associated Spring," "Barnes Aerospace," and "Barnes Distribution" refer to the above-defined businesses, but not to separate corporate entities.

1

Associated Spring owns a 45% interest in a joint venture corporation in the United States with NHK Spring Co., Ltd. of Japan. The joint venture corporation, NHK-Associated Spring Suspension Components Inc. ("NASCO"), manufactures suspension springs at its facility in Bowling Green, Kentucky.

Barnes Aerospace. Barnes Aerospace is a worldwide producer of -----  
precision machined and fabricated components and assemblies for original equipment manufacturer (OEM) turbine engine, airframe and industrial gas turbine builders, and provides jet engine component overhaul and repair services for many of the world's major commercial airlines. Barnes Aerospace products and services, which have earned a reputation for excellence throughout the international aerospace community, are sold primarily through Barnes Aerospace's sales employees.

Barnes Aerospace's machining and fabrication operations, with facilities in Connecticut, Arizona, Ohio, Michigan and Utah produce critical engine and airframe parts through processes such as electrical discharge machining, laser drilling, and multi-axis milling and turning and specialize in hot and cold forming of complex parts made from titanium and other aerospace alloys. Additional capabilities include superplastic forming and diffusion bonding, and machining of aluminum and other sheet metal products. Customers include airframe and gas turbine engine manufacturers for commercial and military jets, business jets, and land-based industrial gas turbines.

Barnes Aerospace's overhaul and repair facilities, located in Connecticut, Ohio, and Singapore, specialize in the refurbishment of jet engine components such as cases, rotating air seals, honeycomb air seals and housings. Processes performed at these facilities include electron beam welding, plasma coating, vacuum brazing, and water jet cleaning. Customers include worldwide major airlines and engine overhaul businesses and the United States military.

Barnes Distribution. Barnes Distribution is an industry leader -----  
in the distribution of maintenance, repair, and operating (MRO) supplies. Since 1927, it has grown into one of the world's largest value-added MRO distributors and international logistics management service businesses. Barnes Distribution distributes under four product lines: Bowman Distribution, Curtis Industries, Mechanics Choice, and Raymond Distribution.

Bowman, Curtis and Mechanics Choice distribute a wide variety of replacement parts and other products, and provide related inventory management and logistics services. These products include fasteners, special purpose hardware, electrical supplies, hydraulics, chemicals and security products. Raymond distributes die and nitrogen gas springs and standard parts such as coil and flat springs, most of which are manufactured by Associated Spring. With the exception of springs from Associated Spring, the products sold by Barnes Distribution are obtained from outside suppliers.

Using innovative methods and new technology to solve complex supply problems, Barnes Distribution becomes a critical partner in the operation and profitability of its customers. Barnes Distribution's products are sold in

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the United States, Canada, Mexico, the United Kingdom, Ireland, France, Asia, and Brazil through

2

a sales force of over 1,000 people, and in many other countries through distributors. Barnes Distribution's customers range from small automobile dealers and repair shops to the largest railroads, utilities, food processors, chemical producers and vehicle fleet operators.

Segment Analysis. The analysis of the Company's revenue from sales to unaffiliated customers, operating profit and assets by business segment as well as revenues from sales to unaffiliated customers and long-lived assets by geographic area appearing on pages 26 through 27 of the Company's 2001 Annual Report to Stockholders, included as Exhibit 13 to this report, is incorporated by reference.

Competition. The Company competes with many other companies, large and small, engaged in the manufacture and sale of custom metal parts and assemblies (including aerospace components). The Company believes Associated Spring is the largest manufacturer of precision springs in North America and one of the largest in the world. The Company also faces active competition in the products sold by Barnes Distribution. The principal methods of competition for the Company's three businesses include service, quality, price, reliability of supply, technology, innovation, and also, in the case of Associated Spring and Barnes Aerospace, design.

Backlog. The backlog of the Company's orders believed to be firm amounted to \$198,417,000 at the end of 2001, as compared with \$202,667,000 at the end of 2000. Of the 2001 year-end backlog, \$158,690,000 is attributable to Barnes Aerospace and all of the balance is attributable to Associated Spring. \$36,638,000 of Barnes Aerospace's backlog is not expected to be shipped in 2002. Substantially all of the remainder of the Company's backlog is expected to be shipped during 2002.

Raw Materials and Customers. None of the Company's divisions or segments is dependent upon any single source for its principal raw materials or products for resale, and all such materials and products are readily available. One customer, General Electric Co., accounted for 12.7% of the Company's total sales in 2001. Automotive manufacturers and manufacturers of electronic products are important customers of Associated Spring. Sales by Barnes Aerospace to four manufacturers in the aerospace industry accounted for approximately 64% of its business. Barnes Distribution is not dependent on any one or a few customers for a significant portion of its sales.

Research and Development. Although most of the products manufactured by the Company are custom parts made to customers' specifications, the Company is engaged in continuing efforts aimed at discovering and implementing new knowledge that is useful in developing new products or services or significantly improving existing products or services. The Company spent approximately \$4,478,000 on its research and development activities in 2001, as compared to expenditures of approximately \$4,528,000 in 2000 and \$4,272,000 in 1999. There were no significant customer-sponsored research and development activities.

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Patents and Trademarks. Patents, licenses, franchises and  
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concessions are not material to any of the Company's businesses.

Employees. As of December 31, 2001, the Company employed 5,150  
-----  
people.

3

Environmental Laws. Compliance with federal, state, and local  
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laws which have been enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of the environment has not had a material effect and is not expected to have a material effect upon the capital expenditures, earnings, or competitive position of the Company.

Item 2. Properties.  
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The Company and its operating subsidiaries conduct business at 22 manufacturing plants, and 31 sales and distribution centers at various locations throughout the world. All of the plants, except the one in China, one in Arizona, and one location in Singapore, are owned. In addition, Associated Spring-Asia has a long-term lease on the land but owns the plant in Singapore. Of the properties that are owned, none is subject to any encumbrance. A listing of the principal facility locations of each of the Company's businesses is set forth below.

4

### Property List -----

L = Lease  
O = Own

Barnes Group Inc.  
-----

Headquarters - Bristol, CT (O)

Associated Spring  
-----

.. Headquarters - Farmington, CT (L)

.. Manufacturing Plants

- United States

Brecksville, OH (O)

Bristol, CT (O)

Corry, PA (O)

Dallas, TX (O)

Milwaukee, WI (O)

Barnes Distribution  
-----

. Headquarters - Cleveland, OH (L)  
Headquarters, Raymond Distributio  
Maumee, OH (L)

. Distribution Operations  
- United States

Arlington, TX (L)

Bakersfield, CA (L)

Buena Park, CA (2-L)

Columbus, OH (L)

Edison, NJ (L)

Elizabethtown, KY (O)

Las Vegas, NV (L)

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<ul style="list-style-type: none"> <li>Saline, MI (O)</li> <li>Syracuse, NY (O)</li> <li>- International               <ul style="list-style-type: none"> <li>Burlington, Ontario, Canada (O)*</li> <li>Campinas, Brazil (O)*</li> <li>Konigstein, Germany (O)</li> <li>Mexico City, Mexico (O)</li> <li>Republic of Singapore (L-Land, O-Bldg.)*</li> <li>Tianjin, China (L)</li> <li>Tranas, Sweden (O)</li> </ul> </li> <li>.. Sales &amp; Development               <ul style="list-style-type: none"> <li>Boynton Beach, FL (L)</li> <li>Glen Ellyn, IL (L)</li> <li>Plymouth, MI (L)</li> </ul> </li> <li>.. Distribution               <ul style="list-style-type: none"> <li>Frazer, MI (L)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>New Berlin, WI (L)</li> <li>Reno, NV (L)</li> <li>Shelbyville, KY (O)</li> <li>Sparks, NV (O)</li> <li>Ypsilanti, MI (L)</li> <li>- International               <ul style="list-style-type: none"> <li>Burlington, Ontario, Canada (O)*</li> <li>Campinas, Brazil (O)*</li> <li>Concord, Ontario, Canada (O)*</li> <li>Corsham, United Kingdom (O)</li> <li>Edmonton, Alberta, Canada (O)</li> <li>Elancourt Cedex, France (O)</li> <li>Evesham, United Kingdom (O)</li> <li>Mexico City, Mexico (O)</li> <li>Mississauga, Ontario, Canada (O)</li> <li>Moncton, New Brunswick (O)</li> <li>Mullingar, Ireland (L)</li> <li>Republic of Singapore (L)</li> </ul> </li> <li>Trappas Cedex, France (O)</li> </ul>
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Barnes Aerospace  
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- .. Headquarters - Windsor, CT (O)
- .. Manufacturing Plants
  - United States
    - East Granby, CT (O)
    - Lansing, MI (O)
    - Phoenix, AZ (L)
    - Ogden, UT (O)
    - West Chester, OH (O)
    - Windsor, CT (2-O)
  - International
    - Republic of Singapore (L)
- .. Sales
  - Derby, United Kingdom (L) \*Shared Facilities

The Company believes that its owned and leased properties have been adequately maintained, are in satisfactory operating condition, are suitable and adequate for the business activities conducted therein, and have productive capacities sufficient to meet current needs.

### Item 3. Legal Proceedings.

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There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party, or of which any of their property is the subject.

### Item 4. Submission of Matters to a Vote of Security Holders.

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No matter was submitted during the fourth quarter of 2001 to a vote of security holders.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder  
-----  
Matters.  
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The information regarding the Company's common stock contained on pages 21 through 23 of the Company's 2001 Annual Report to Stockholders is incorporated by reference. As of January 31, 2002, the Company's common stock was held by 18,464,330 stockholders of record. The Company's common stock is traded on the New York Stock Exchange under the symbol "B".

Item 6. Selected Financial Data.  
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The selected financial data for the last five years contained on page 29 of the Company's 2001 Annual Report to Stockholders are incorporated by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results  
-----  
of Operations.  
-----

The financial review and management's analysis thereof appearing on pages 7 through 11 of the Company's 2001 Annual Report to Stockholders are incorporated by reference.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk.  
-----

The information regarding market risk contained on pages 10 and 11 of the Company's 2001 Annual Report to Stockholders is incorporated by reference.

Item 8. Financial Statements and Supplementary Data.  
-----

The financial statements and report of independent accountants appearing on pages 12 through 27 of the Company's 2001 Annual Report to Stockholders are incorporated by reference. See also the report of independent accountants included on page 15 below pursuant to Item 302(a) of Regulation S-K. The material under "Quarterly Data" on page 28 of the Company's 2001 Annual Report to Stockholders is also incorporated by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and  
-----  
Financial Disclosure.  
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None.

PART III

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Item 10. Directors and Executive Officers of the Company.  
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The material under "Election of Three Directors For A Three-Year Term and one Director for a One-Year Term" on pages 1 through 3, of the Company's Proxy Statement dated March 13, 2002 is incorporated by reference.

The Company's executive officers as of the date of this report are as follows:

Executive Officer -----	Position -----	Age as of December 31, 2001 -----
Edmund M. Carpenter	President and Chief Executive Officer (since 1998)	60
John R. Arrington	Senior Vice President, Human Resources (since 1998)	55
Francis C. Boyle, Jr.	Vice President, Controller (since 1997)	51
Leonard M. Carlucci	Vice President, Barnes Group Inc. (since 1994) and President, Associated Spring (since 1999)	55
Joseph D. DeForte	Vice President, Tax (since 1999)	59
William C. Denninger	Senior Vice President, Finance and Chief Financial Officer (since 2000)	51
A. Keith Drewett	Vice President, Barnes Group Inc. and President, Barnes Distribution (since 2000)	55
Thomas P. Fodell	Vice President, Barnes Group Inc. and Vice President, Sales and Marketing, Associated Spring (since 2000)	51
Signe S. Gates	Senior Vice President, General Counsel and Secretary (since 1999)	52
Philip A. Goodrich	Senior Vice President, Corporate Development (since 2000)	45

8

Executive Officer -----	Position -----	Age as of December 31, 2001 -----
Gregory F. Milzcik	Vice President, Barnes Group Inc. and President, Barnes Aerospace (since 1999)	42



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Lawrence W. O'Brien	Vice President, Treasurer (since 2001)	52
Idelle K. Wolf	Vice President, Barnes Group Inc. and Chief Operating Officer, Barnes Distribution (since 2000)	49

Except for Messrs. Carpenter, Arrington, DeForte, Denninger, Drewett, Goodrich, Milzcik and O'Brien, and Meses. Gates and Wolf, each of the Company's executive officers has been employed by the Company or its subsidiaries in an executive or managerial capacity for at least the past five years. Each officer holds office until his or her successor is chosen and qualified or otherwise as provided in the By-Laws, except Mr. Carpenter who holds office pursuant to an employment agreement with the Company, which is incorporated as Exhibit 10.12 to this report. No family relationships exist among the executive officers of the Company.

Mr. Carpenter joined the Company as President and Chief Executive Officer in December 1998. From 1996 to 1998, Mr. Carpenter was a Senior Managing Director of Clayton, Dubilier & Rice, Inc., a private equity firm.

Mr. Arrington joined the Company as Senior Vice President, Human Resources in April 1998. From 1995 to 1998, Mr. Arrington was Vice President, Human Resources of U.S. West Communications Group.

Mr. DeForte joined the Company as Vice President, Tax in August 1999. From 1997 to 1999, Mr. DeForte was Vice President and Chief Financial Officer of Loctite Corporation, a manufacturer and distributor of adhesives and sealants. From 1988 to 1997, Mr. DeForte was Vice President, Tax, Loctite Corporation. In 1997, Loctite Corporation became a subsidiary of Henkel KGaA.

Mr. Denninger joined the Company as Senior Vice President, Finance and Chief Financial Officer in March 2000. From 1994 to 2000, Mr. Denninger was Vice President-Finance and Chief Financial Officer of BTR Inc., an industrial products manufacturer.

Mr. Drewett joined the Company as Vice President, Barnes Group Inc. and President, Barnes Distribution in May 2000, upon the Company's acquisition of Curtis Industries. From 1998 to 2000, Mr. Drewett was President and Chief Executive Officer of Curtis Industries, Inc. From 1992 to 1998, he was President of the Automotive and Industrial Division of Curtis Industries. He was also Senior Vice President of Curtis from 1997 to 1998 and Vice President of Curtis from 1992 to 1997.

9

Mr. Goodrich joined the Company as Vice President, Business Development in November 1999. He was promoted to Senior Vice President, Corporate Development in December 2000. From 1996 to 1998, Mr. Goodrich was Senior Vice President, Corporate Development of AMETEK, Inc., a manufacturer of electric motors and electronic equipment.

Mr. Milzcik joined the Company as Vice President, Barnes Group Inc. and President, Barnes Aerospace in June 1999. From 1997 to 1999, Mr. Milzcik was Vice President and General Manager of International Operations of Lockheed Martin Aircraft and Logistics, an aerospace manufacturing and service company. From 1994 to 1997, Mr. Milzcik was Group Vice President, Manufacturing and Overhaul of Precision Standard, Inc., an aerospace structure manufacturing and engineering services company.

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Mr. O'Brien joined the Company as Vice President and Treasurer in August 2001. From 1997 to 2001, Mr. O'Brien was Vice President and Treasurer of L-3 Communications Corporation. From 1981 to 1996, Mr. O'Brien worked for Pechiney Corporation including serving as Vice President and Treasurer from 1990 to 1996.

Ms. Gates joined the Company as Senior Vice President, General Counsel and Secretary in June 1999. From 1996 to 1999, Ms. Gates was Vice President, General Counsel and Corporate Secretary of Axel Johnson Inc., a manufacturing, distribution and service company in the energy, telecommunications and environmental industries.

Ms. Wolf joined the Company as Vice President, Barnes Group Inc. and Chief Operating Officer, Barnes Distribution in May 2000, upon the Company's acquisition of Curtis Industries. From 1998 to 2000, Ms. Wolf was Executive Vice President and Chief Operating Officer of Curtis Industries, Inc. She was Senior Vice President and Chief Financial Officer of Curtis from 1997 to 1998, and Vice President of Finance and Chief Financial Officer from 1992 to 1997.

### Item 11. Executive Compensation.

-----

The information under "Compensation of Directors" appearing on page 4, and the information under "Compensation," "Stock Options," "Pension Plans," "Employment Agreement," and "Change-In-Control Agreements" appearing on pages 10 through 15 of the Company's Proxy Statement dated March 13, 2002, are incorporated by reference.

### Item 12. Security Ownership of Certain Beneficial Owners and Management.

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The information concerning this item appearing on pages 4 and 5 of the Company's Proxy Statement dated March 13, 2002, is incorporated by reference.

### Item 13. Certain Relationships and Related Transactions.

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None.

10

## PART IV

### Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

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- (a) The report of PricewaterhouseCoopers LLP, independent accountants, and the following financial statements and financial statement schedules are filed as part of this report:

Reference	
-----	
	Annual Report
	-----
Form 10-K	to Stockholders
-----	-----
(page)	(page)
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Report of independent accountants	15	27
Consolidated balance sheets at December 31, 2001 and 2000		13
Consolidated statements of income for the years ended December 31, 2001, 2000, and 1999		12
Consolidated statements of changes in stockholders' equity for the years ended December 31, 2001, 2000, and 1999		15
Consolidated statements of cash flows for the years ended December 31, 2001, 2000, and 1999		14
Notes to consolidated financial statements		16-27
Supplementary information Quarterly data (unaudited)		28
Consolidated schedule for the years ended December 31, 2001, 2000, and 1999: Schedule II - Valuation and Qualifying Accounts	16	

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

The consolidated financial statements listed in the above index which are included in the Annual Report to Stockholders of Barnes Group Inc. for the year ended December 31, 2001, are incorporated by reference. With the exception of the pages listed in the above index and in Items 1, 5, 6, 7, 7A, and 8, the 2001 Annual Report to Stockholders is not to be deemed filed as part of this report.

11

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

(c) The Exhibits required by Item 601 of Regulation S-K are filed as Exhibits to this Annual Report on Form 10-K and indexed at pages 17 through 21 of this report.

12

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 22, 2002

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BARNES GROUP INC.

By /s/ Edmund M. Carpenter

-----  
Edmund M. Carpenter  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of the above date by the following persons on behalf of the Company in the capacities indicated.

/s/ Edmund M. Carpenter

-----  
Edmund M. Carpenter  
President and Chief Executive Officer  
(principal executive officer) and Director

/s/ William C. Denninger

-----  
William C. Denninger  
Senior Vice President, Finance  
Chief Financial Officer  
(principal financial officer)

/s/ Francis C. Boyle, Jr.

-----  
Francis C. Boyle, Jr.  
Vice President, Controller  
(principal accounting officer)

/s/ Thomas O. Barnes

-----  
Thomas O. Barnes  
Director

13

/s/ John W. Alden

-----  
John W. Alden  
Director

/s/ Gary G. Benanav

-----  
Gary G. Benanav  
Director

/s/ William S. Bristow, Jr.

-----  
William S. Bristow, Jr.  
Director

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/s/ George T. Carpenter  
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George T. Carpenter  
Director

/s/ Donald W. Griffin  
-----

Donald W. Griffin  
Director

/s/ Frank E. Grzelecki  
-----

Frank E. Grzelecki  
Director

/s/ G. Jackson Ratcliffe  
-----

G. Jackson Ratcliffe  
Director

14

REPORT OF INDEPENDENT ACCOUNTANTS ON  
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors  
of Barnes Group Inc.

Our audits of the consolidated financial statements referred to in our report dated January 30, 2002 appearing in the 2001 Annual Report to Stockholders of Barnes Group Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP  
-----

PricewaterhouseCoopers LLP  
Hartford, Connecticut  
January 30, 2002

15

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Years Ended December 31, 2001, 2000, and 1999

( In thousands )

Allowances for Doubtful Accounts:

Balance December 31, 1998	\$	2,413
Provision charged to income (1)		1,343
Doubtful accounts written off (net)		(427)
Other adjustments		--
		-----
Balance December 31, 1999		3,329
Provision charged to income		936
Doubtful accounts written off (net) (2)		(1,990)
Other adjustments (3)		445
		-----
Balance December 31, 2000		2,720
Provision charged to income (4)		2,076
Doubtful accounts written off (net) (4)		(1,682)
Other adjustments		--
		-----
Balance December 31, 2001	\$	3,114
		=====

- (1) The 1999 provision charged to income reflects complications encountered during the implementation of a new integrated management system at Barnes Distribution.
- (2) The increase in doubtful accounts written off in 2000 was the result of Barnes Distribution recognizing the write-off of receivables previously reserved and expensed.
- (3) Opening balances of acquired businesses.
- (4) The 2001 increase in the provision charged to income and the level of write-off of doubtful accounts reflects the impact the weak economic environment has had on the Company's customers.

16

EXHIBIT INDEX

Barnes Group Inc.

Annual Report on Form 10-K  
for the Year ended December 31, 2001

Exhibit No.	Description	Reference
-----	-----	-----
3.1	Restated Certificate of Incorporation.	Incorporated by reference to the Company's report on Form year ended December 31, 1997.

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3.2	Amended and Restated By-Laws.	Incorporated by reference to the Company's report on Form year ended December 31, 1998.
4.1	Revolving Credit Agreement dated as of December 1, 1991 among the Company and several commercial banks.	Incorporated by reference to the Company's report on Form year ended December 31, 1996.
4.2	(i) Sixth Amendment to Credit Agreement set forth in Exhibit 4.1 dated as of December 1, 1997.  (ii) Seventh Amendment to Credit Agreement set forth in Exhibit 4.1 dated as of September 29, 1999.  (iii) Eighth Amendment to Credit Agreement set forth in Exhibit 4.1 dated as of October 1, 2001.	Incorporated by reference to the Company's report on Form year ended December 31, 1997.  Filed with this report.  Filed with this report.
4.3	Rights Agreement dated as of December 10, 1996, between the Company and ChaseMellon Shareholder Services, L.L.C.	Incorporated by reference to the Company's report on Form December 20, 1996.
4.4	Note Agreement dated as of September 16, 1991, among the Company and several insurance companies.	Incorporated by reference to the Company's report on Form year ended December 31, 1996.

17

Exhibit No. -----	Description -----	Reference -----
4.5	Note Purchase Agreement dated as of December 1, 1995, between the Company and several insurance companies.	Incorporated by reference to the Company's report on Form year ended December 31, 1995.
4.6	Note Agreement dated as of November 12, 1999, between 3031786 Nova Scotia Company, a wholly owned subsidiary of the Company, and several insurance companies; and related Guaranty Agreement between the Company and such insurance companies.	Incorporated by reference to the Company's report on Form year ended December 31, 1999.
4.7	Note Agreement dated as of November 21, 2000, between Barnes Group Inc. and several insurance companies.	Incorporated by reference to the Company's report on Form year ended December 31, 2000.
4.8	Term Loan Facility Agreement between Associated Spring-Asia Pte. Ltd. and The Development Bank of Singapore Limited, dated June 19, 2001.	Incorporated by reference to the Company's report on Form quarter ended June 30, 2001.
4.9	Guarantee of Term Loan Facility Agreement, between Barnes Group Inc. and The	Incorporated by reference to the Company's report on Form

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	Development Bank of Singapore Limited, dated June 19, 2001.	quarter ended June 30, 2001.
4.10	Currency Swap and Interest Rate Hedging Master Agreement, between Associated Spring-Asia Pte. Ltd. and The Development Bank of Singapore Limited, dated June 19, 2001.	Incorporated by reference to the Company's report on Form quarter ended June 30, 2001.
4.11	Guarantee of Currency Swap and Interest Rate Hedging Master Agreement, between Barnes Group Inc. and The Development Bank of Singapore Limited, dated June 19, 2001.	Incorporated by reference to the Company's report on Form quarter ended June 30, 2001.

18

Exhibit No. -----	Description -----	Reference -----
10.1*	The Company's Management Incentive Compensation Plan, as amended and restated January 1, 2000.	Incorporated by reference to the Company's report on Form year ended December 31, 2000.
10.2*	The Company's Long Term Incentive Plan.	Incorporated by reference to the Company's report on Form year ended December 31, 1995.
10.3*	The Company's Retirement Benefit Equalization Plan.	Incorporated by reference to the Company's report on Form year ended December 31, 1995.
10.4*	The Company's Supplemental Executive Retirement Plan.	Incorporated by reference to the Company's report on Form year ended December 31, 1995.
10.5*	The Company's 1991 Stock Incentive Plan, as amended and restated May 15, 1998.	Incorporated by reference to the Company's report on Form year ended December 31, 1998.
10.6*	The Company's Non-Employee Director Deferred Stock Plan.	Incorporated by reference to the Company's report on Form year ended December 31, 1994.
10.7*	The Company's Amended and Restated Directors' Deferred Compensation Plan.	Incorporated by reference to the Company's report on Form year ended December 31, 1996.
10.8*	The Company's Senior Executive Enhanced Life Insurance Program, as amended and restated May 16, 1997.	Incorporated by reference to the Company's report on Form year ended December 31, 1998.
10.9*	The Company's Enhanced Life Insurance Program.	Incorporated by reference to to the Company's report on Fo year ended December 31, 1993.



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19

Exhibit No. -----	Description -----	Reference -----
10.10*	The Company's Supplemental Senior Officer Retirement Plan.	Incorporated by reference to the Company's report on Form 10-K for the year ended December 31, 1996.
10.11*	The Company's Executive Officer Change-In-Control Severance Agreement.	Incorporated by reference to the Company's report on Form 10-K for the year ended December 31, 1997.
10.12*	Employment Agreement dated as of December 8, 1998 between the Company and Edmund M. Carpenter.	Incorporated by reference to the Company's report on Form 10-K for the year ended December 31, 1998.
10.13*	The Company's Employee Stock and Ownership Program.	Incorporated by reference to the Company's report on Form 10-K for the year ended December 31, 2000.
10.14*	Barnes Group Inc. Executive Deferred Compensation Plan.	Incorporated by reference to the Company's report on Form 10-Q for the quarter ended September 30, 2001.
10.15*	Barnes Group Inc. Retirement Savings Plan, as amended through January 1, 2002.	Filed with this report.
13	Portions of the 2001 Annual Report to Stockholders.	Filed with this report.
21	List of Subsidiaries.	Filed with this report.
23	Consent of Independent Accountants.	Filed with this report.

\*Management contract or compensatory plan or arrangement.

The Company agrees to furnish to the Commission, upon request, a copy of each instrument with respect to which there are outstanding issues of unregistered long-term debt of the Company and its subsidiaries the authorized principal amount of which does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

20

Except for Exhibits 13, 21, and 23, which will be furnished free of charge, copies of exhibits referred to above will be furnished at a cost of twenty-five cents per page to security holders who make a written request to the Secretary, Barnes Group Inc., 123 Main Street, P.O. Box 489, Bristol, Connecticut 06011-0489.

21