

BARNES GROUP INC  
Form 424B3  
December 23, 2005  
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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-129079

**\$100,000,000**

## **Barnes Group Inc.**

### **3.75% CONVERTIBLE SENIOR SUBORDINATED NOTES DUE 2025 AND SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION THEREOF**

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#### **The Notes and Common Stock**

On August 1, 2005, we issued and sold \$100,000,000 aggregate principal amount of our 3.75% Convertible Senior Subordinated Notes due 2025 in a private offering.

Interest on the notes is payable on February 1 and August 1 of each year, beginning February 1, 2006.

The notes mature on August 1, 2025 unless earlier converted, redeemed or repurchased.

The selling security holders identified in this prospectus will use this prospectus to resell the notes and the underlying shares of our common stock issuable upon conversion of the notes. If required, we will set forth the names of any other selling security holders in a post-effective amendment to the registration statement of which this prospectus is a part.

We will not receive any proceeds from the sale of the notes or shares of common stock issuable upon conversion of the notes by any of the selling security holders. The notes and the shares of common stock may be offered in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. In addition, shares of our common stock may be offered from time to time through ordinary brokerage transactions on the New York Stock Exchange. See Plan of Distribution.

#### **Conversion Notes**

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Holders may convert the notes into shares of our common stock at a conversion rate of 23.7029 shares per \$1,000 principal amount of notes, subject to adjustment, before the close of business on July 31, 2025 under the following circumstances:

1. during any fiscal quarter commencing after September 30, 2005, if the closing sale price of our common stock exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;
2. prior to August 1, 2024, during the five business day period after any five consecutive trading day period, or measurement period, in which the trading price per \$1,000 principal amount of notes for each day of such measurement period was less than 98% of the product of the closing price of our common stock and the applicable conversion rate for the notes;
3. if the notes have been called for redemption and the redemption has not yet occurred; or
4. upon the occurrence of certain corporate transactions.

### **Redemption and Repurchase of the Notes**

Prior to February 7, 2011, the notes will not be redeemable. On or after February 7, 2011, we may, at our option, redeem some or all of the notes in cash, at any time, upon at least 30 days' notice at a price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of redemption.

Holders may require us to repurchase for cash all or a portion of the notes on February 1, 2011, February 1, 2016 and February 1, 2021 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including, the date of repurchase.

### **Ranking of the Notes**

The notes are our direct, unsecured senior subordinated debt obligations and rank junior in right of payment with all of our existing and future senior indebtedness and equal in right of payment with any other future senior subordinated indebtedness. The notes effectively rank junior in right of payment to the existing and future indebtedness and other liabilities of our subsidiaries, including trade payables.

### **Listing**

The notes issued in the initial private offering are eligible for trading in the Private Offerings, Resales and Trading through Automatic Linkages Market, commonly referred to as the PORTAL Market, of The National Association of Securities Dealers, Inc. However, the notes sold using this prospectus will no longer be eligible for trading in the PORTAL system. We do not intend to list the notes for trading on any automated interdealer quotation system or national securities exchange.

Our common stock is traded on the New York Stock Exchange under the symbol **B**. On December 22, 2005, the reported last sale price of our common stock on the New York Stock Exchange was \$33.61 per share.

Investing in our securities involves risks. See Risk Factors beginning on page 12.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 23, 2005.

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**IMPORTANT NOTICE TO READERS**

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, the selling security holders may, from time to time, offer notes or shares of our common stock issued upon conversion of the notes owned by them. Each time the selling security holders offer notes or common stock under this prospectus, they are required to provide to potential investors a copy of this prospectus and, if applicable, a copy of a prospectus supplement. You should read both this prospectus, and, if applicable, any prospectus supplement together with the information incorporated by reference in this prospectus. See Where You Can Find More Information for more information.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from the information contained in or incorporated by reference in this prospectus. This document may be used only in jurisdictions where offers and sales of these securities are permitted. You should not assume that information contained in this prospectus or in any document incorporated by reference is accurate as of any date other than the date of the document that contains the information, regardless of when this prospectus is delivered or when any sale of our securities occurs.

As used in this prospectus, Barnes Group, Barnes, we, our, and us refers to Barnes Group Inc. and its subsidiaries, unless stated otherwise or context requires otherwise, and Barnes Distribution, Associated Spring, and Barnes Aerospace refers to each of those individual business units of Barnes, but not to separate corporate entities.

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The notes and our common stock issuable upon their conversion have not been approved or recommended by any U.S. federal, state or foreign securities commission or regulatory authority. Furthermore, those authorities have not been requested to confirm the accuracy or determine the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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**FORWARD-LOOKING STATEMENTS**

You should carefully consider the risk factors included under the heading "Risk Factors" in this prospectus, and in the risk factors incorporated in this prospectus by reference. This prospectus, including the documents incorporated by reference in this prospectus, includes certain statements that may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. You can identify these statements by forward-looking words such as "anticipate," "believe," "budget," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "should," "will" and "would." You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future financial position or results of operations or state other forward-looking information. We believe that it is important to communicate our future expectations to our investors and potential investors. However, there may be events in the future that we are not able to predict or control accurately. The risk factors included in this prospectus, including in the documents incorporated by reference in this prospectus, and any cautionary language in this prospectus and in the documents incorporated by reference in this prospectus provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. You should be aware that the occurrence of the events described in these risk factors, elsewhere in this prospectus and in the documents incorporated by reference in this prospectus could have a material adverse effect on our business, results of operations and financial position. You should assume that the information appearing in or incorporated by reference into this prospectus is accurate only as of the date on the front cover of this prospectus or the date of the document incorporated by reference, as applicable. Neither we, nor any of the selling security holders, undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**INDUSTRY AND MARKET DATA**

Market data and certain industry statistics used throughout this prospectus and the documents incorporated by reference, including information relating to market share and trends, are based on our good faith estimates. These estimates were based on independent industry publications and other publicly available information. Although we believe these sources are reliable, we have not independently verified the information and neither we nor any of the selling security holders make any representation as to the accuracy or completeness of such information.

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**INCORPORATION OF DOCUMENTS FILED WITH THE SEC**

We incorporate by reference the documents, which have been filed with the SEC, listed below:

our Current Report on Form 8-K, filed on February 23, 2005;

our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, filed on February 28, 2005;

our Current Report on Form 8-K, filed on March 11, 2005;

our Definitive Proxy Statement on Schedule 14A, filed on March 16, 2005;

our Current Report on Form 8-K/A, filed on April 1, 2005;

our Current Report on Form 8-K, filed on April 26, 2005;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, filed on May 6, 2005;

our two Current Reports on Form 8-K, filed on July 25, 2005, other than Exhibit 99.1 to the first such Form 8-K filed on such date;

our Current Report on Form 8-K, filed on July 26, 2005;

our Current Report on Form 8-K, filed on July 27, 2005;

our Current Report on Form 8-K, filed on August 2, 2005;

our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 5, 2005;

our Current Report on Form 8-K, filed on September 6, 2005;

our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed on November 4, 2005; and

Our Current Report on Form 8-K, filed on December 20, 2005.

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All documents we file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before all of the notes offered pursuant to this prospectus are sold are incorporated by reference in this prospectus from the date of filing of the documents, except for information furnished under Items 2.02 and 7.01 of Form 8-K, which is not deemed filed and not incorporated by reference herein. Information that we file with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

Any statement contained or incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, or in any subsequently filed document which also is incorporated by reference herein, modifies or supersedes such earlier statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may obtain any of these incorporated documents from us without charge, excluding any exhibits to these documents unless the exhibit is specifically incorporated by reference in such document, by requesting them from us in writing or by telephone at the following address:

Barnes Group Inc.

123 Main St.

Bristol, CT 06010-0489

Attention: General Counsel

(860) 583-7070

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**PROSPECTUS SUMMARY**

*This summary highlights selected information contained elsewhere in or incorporated by reference into this prospectus. This summary is not complete and does not contain all of the information that you should consider before making an investment decision. For a more complete understanding of our company and this offering, we encourage you to read this entire document, including Risk Factors, the financial and other information included in or incorporated by reference into this prospectus and the documents to which we have referred.*

**Our Company**

**Overview**

We are a diversified international manufacturer of precision metal components and assemblies and distributor of industrial supplies, serving a wide range of markets and customers. Our company consists of three businesses:

Barnes Distribution, an international, full-service distributor of maintenance, repair, operating and production supplies, which generated 42% of our sales in 2004;

Associated Spring, one of the world's largest manufacturers of precision mechanical and nitrogen gas springs and a global supplier of retaining rings, reed valves and injection-molded plastic components and assemblies, which generated 37% of our sales in 2004; and

Barnes Aerospace, a manufacturer and repairer of highly engineered components and assemblies for aircraft engines, airframes and land-based industrial gas turbines, which generated 21% of our sales in 2004.

**Barnes Distribution**

Barnes Distribution is an industry leader in the distribution of maintenance, repair, operating and production, or MROP, supplies. We provide a wide variety of high-volume replacement parts and other products, and inventory management services to a well-diversified customer base. We distribute products in 31 countries and are supported by distribution/sales centers in the United States, Canada, United Kingdom, France, Spain, Mexico, Singapore, Brazil and China.

Barnes Distribution distributes replacement parts and other products under the brand names of Bowman®, Curtis®, Kar® Products, Mechanics Choice®, Autoliasions and Motalink. These parts and products include fasteners, electrical supplies, hydraulic components, chemicals and security products. Die springs and nitrogen gas springs, mechanical struts and standard parts, such as coil and flat springs, are distributed under the brand names of Raymond® and SPEC®.

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We position ourselves as a partner in the operations of our customers and help them increase their profitability by using innovative methods and technologies to solve supply management problems. Barnes Distribution offers an array of service options, built around a vendor-managed inventory business model, which are designed to improve the productivity of our customers while substantially reducing their procurement and transaction costs. Barnes Distribution's products are sold through our sales force of approximately 1,500 employees and through our distributors.

### **Associated Spring**

Associated Spring is one of the largest precision mechanical and nitrogen gas product manufacturers in the world. We are equipped to produce virtually every type of precision spring, from fine hairsprings for electronics

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and instruments to large heavy-duty springs for machinery. Associated Spring also manufactures nitrogen gas manifold systems used to precisely control stamping presses; retaining rings that position parts on a shaft or other axis; reed valves that are custom-engineered critical components used in compressors; and injection-molded plastic-on-metal and metal-in-plastic components and assemblies used in electronics, medical devices and consumer products. Most of the products are highly-engineered, custom solutions that we design and develop in collaboration with our customers from concept to manufacturing. Our products are purchased primarily by durable goods manufacturers in industries such as transportation, consumer products, farm equipment, telecommunications, medical devices, home appliances and electronics.

We have manufacturing operations in the United States, Brazil, Canada, China, Germany, Mexico, Singapore, Sweden, Thailand and the United Kingdom, and have retained a minority interest of 15% in our former subsidiary in Argentina.

## **Barnes Aerospace**

Barnes Aerospace produces precision-machined and fabricated components and assemblies for original equipment manufacturers, or OEMs, turbine engine, airframe and industrial gas turbine builders throughout the world and the United States military.

Barnes Aerospace's machining and fabrication operations, with facilities in Arizona, Connecticut, Michigan, Ohio, Utah and Singapore, produce critical engine and airframe parts through technically advanced processes such as creep-feed grinding and multi-axis milling and turning. We specialize in hot and cold forming of complex parts made from difficult materials such as titanium, cobalt, inconel and other aerospace alloys. Customers include airframe and gas turbine engine manufacturers for commercial, military and business jets, and land-based industrial gas turbines. Our capabilities have enabled us to build long-standing customer relationships and to participate in the design phase of components and assemblies, where we provide our customers with manufacturing research, testing and evaluation. By doing so, Barnes Aerospace positions itself to be a long-term supplier of components and assemblies to the engine or airframe projects in which it participates. For example, we have significant content on the GE90-115B engine, which is the exclusive engine for the Boeing 777-300ER, 200LR, and 200F aircraft, and growing content on the Airbus A380 aircraft.

Barnes Aerospace's aftermarket facilities, located at Connecticut, Ohio and Singapore, specialize in the refurbishment of jet engine components such as cases, rotating air seals, honeycomb air seals and housings, as well as repair services. Customers include major airline and engine overhaul businesses and the United States military.

Barnes Aerospace participates in aftermarket Revenue Sharing Programs, or RSPs, with a large aerospace manufacturer under which Barnes Aerospace receives the exclusive right to supply designated aftermarket parts for the life of the related aircraft engine program. Total commitments in RSP participation fees as of September 30, 2005 equaled \$134.0 million of which \$89.8 million had been paid at such time.

## **Competitive Strengths**

*Leadership Positions in Each of Our Three Businesses.* We enjoy leadership positions within the industrial distribution, precision mechanical and nitrogen gas spring, and aerospace industries. We believe that Barnes Distribution is one of the largest industrial distributors in the highly fragmented North American market. Associated Spring is the largest precision spring manufacturer in North America and one of the largest precision spring manufacturers in the world. Barnes Aerospace has content on virtually all major commercial aircraft engine programs and performs repairs on many engine models currently in service. We believe that the leading positions we enjoy as a result of our engineering and

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technical expertise and sales and marketing infrastructure, built through a combination of our historical operations, investments and acquisitions, provide us with a significant competitive advantage.

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*Established Customer Relationships.* We have established long-standing relationships with customers in a variety of industries. We work collaboratively with our customers from the development stage to manufacture products that meet their individual performance and cost requirements. Barnes Distribution has developed close ties with our customers through recurring contact in the course of providing inventory management services over extended periods. Associated Spring's Product Development Center provides engineering and other resources to customers relating to design of new components and trouble shooting for existing designs. Barnes Aerospace's research and development team also works with customers to improve the design and manufacturability of components and assemblies. We are one of only a few suppliers with an on-site sales office or open access to the facilities of the major aerospace OEMs, positioning us to be a primary resource for new products and technical support.

*A Diverse Business Mix and Customer Base.* We provide our products and services to a wide range of industries and customers. The industries we serve include transportation, aerospace and defense, electronics, telecommunications, consumer goods, home appliances, agriculture, food processing, construction, energy, logistics and general industrial. This diversification reduces our dependence on any given industry segment or geographic area and mitigates the impact of cyclical downturns. Within our distribution group, we provide over 70,000 regularly-stocked items to more than 130,000 customers through distribution facilities, sales offices and other selling arrangements around the world. Within our Associated Spring division, we sell more than 40,000 separate parts to more than 15,000 different customers. Within Barnes Aerospace, we sell a broad portfolio of products to a mix of OEM and aftermarket customers, and have a broad exposure to commercial and military markets.

*Global Manufacturing, Sales and Distribution Capabilities.* As of September 30, 2005, we had 29 manufacturing facilities, of which 12 are located outside the United States, supported by a global sales force. We distribute products in 31 countries and are supported by distribution/sales centers in the United States, Canada, United Kingdom, France, Spain, Mexico, Singapore, Brazil and China. The international scope of our manufacturing, sales and distribution operations provides us with the ability to efficiently serve our global customer base. Our latest effort in this area has been Barnes Aerospace's expansion of manufacturing operations in Singapore, with a new plant that produces precision aerospace components.

*Strong Cash Flows to Support Future Growth.* Over the past three fiscal years, we generated approximately \$169 million in cash flows from operating activities. We seek to maximize cash flows by aggressively managing working capital and expenses on an ongoing basis throughout the organization. Our strong cash flows from operations allow us to continue to grow our business both organically by investing in capital expenditures and new internal programs, as well as through strategic acquisitions.

*Experienced and Committed Management Team.* Our executive management team possesses extensive operational, sales, finance and marketing experience in distribution, manufacturing or aerospace organizations. Further, our executive management team has extensive experience in identifying acquisition candidates, structuring acquisitions and rapidly integrating acquired businesses. Our executive management and employees are significant holders of our common stock. As of January 1, 2005, our executive officers and directors beneficially owned 16.0% of our common stock. Additionally, annual cash incentive targets for our management are set through measures similar to an economic value added measure, or through targets for sales and earnings per share growth.

## **Business Strategy**

Our goal is to build lasting value for our stockholders by generating sustainable, profitable growth. We seek to achieve this goal by pursuing the following strategies:

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*Generate Internal Growth and Profitability through Worldwide Service:* Providing the right products and services to meet our customers' needs is essential for building lasting value. We seek to provide the necessary

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worldwide service capabilities to our customers through our geographically dispersed manufacturing and distribution facilities and our strategic international alliances and acquisitions. Our commitment to providing full-service distribution capabilities and precision manufactured components and assemblies worldwide, and procuring raw material and products from global suppliers at competitive prices, is intended to provide the right products and services for our customers and solidifies our relationships with them as their supplier or distributor of choice.

*Pursue Acquisitions and Strategic Relationships that Profitably Add Customers, Products, Technology or Geographic Presence.* In the six and a half years leading up to September 30, 2005, we invested over \$350 million in eleven strategic acquisitions and, as of September 30, 2005, had \$134.0 million of commitments in aftermarket business alliances. This strategy has expanded the scope of our operations, added complementary products or product lines, increased our customer base and expanded our geographic presence. We will continually seek acquisition opportunities in each of our three businesses that will add customers, product offerings, technology or geographic reach to our existing base of business and increase our profitability. We will also continue to seek business arrangements which foster long-term business relationships, such as our aftermarket RSP agreements.

*Continue to Expand Our Global Capabilities.* Our customer base is global in nature, and we are committed to continuing to expand our global presence to meet our customers' needs. As of September 30, 2005, we distributed products in 31 countries, and we had 61 manufacturing, sales and distribution sites across four continents. In the past four years we have added manufacturing operations in such places as China, Singapore and Mexico. We intend to continue to take advantage of lower labor and production costs associated with international manufacturing and global sourcing capabilities. Additionally, we continue to invest in our global sales and marketing functions to position us to reach new customers and to increase our sales to existing customers.

*Promote Continuous Improvement Initiatives.* We undertake initiatives in each of our three businesses to continuously improve our processes, strengthening our competitive advantage. At Barnes Distribution, our initiatives focus on decreasing order processing costs and optimizing inventory levels for our customers. In our Associated Spring and Barnes Aerospace businesses, our initiatives are heavily focused on lean manufacturing strategies and techniques. We aggressively promote a culture where process improvements are encouraged and often implemented throughout all levels of the organization as part of daily operations.

*Leverage Training and Education to Strengthen the Focus on Long-term Profitability.* We use sophisticated, internally developed measurement tools to gauge the performance of our three operations. In 2002, we began a program to educate approximately 1,400 employees on the use of these tools in their day-to-day decision making, empowering them to think like owners of the business. These tools encourage employees to focus on operating profitability as well as the various inputs of capital into a business that can affect the long-term success of the organization.

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Our principal executive offices are located at 123 Main Street, Bristol, Connecticut 06010. Our telephone number is (860) 583-7070. Our common stock is listed on the New York Stock Exchange under the symbol B. We maintain a website at [www.barnesgroupinc.com](http://www.barnesgroupinc.com), however, the information on our website is not part of this prospectus, and you should only rely on the information contained in this prospectus and in the documents incorporated by reference into this prospectus when making a decision as to whether to invest or not to invest in our securities.

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**The Offering**

*The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus contains a more detailed description of the terms and conditions of the notes.*

Issuer	Barnes Group Inc., a Delaware corporation.
Notes Offered	\$100,000,000 aggregate principal amount of 3.75% Convertible Senior Subordinated Notes due 2025.
Maturity	August 1, 2025, unless earlier converted, redeemed or repurchased.
Ranking	<p>The notes are our direct, unsecured, senior subordinated obligations and will rank junior in right of payment with all of our existing and future senior indebtedness and equal in right of payment with any other future senior subordinated indebtedness. The notes are effectively junior to our subsidiaries' existing and future indebtedness and other liabilities, including trade payables.</p> <p>At September 30, 2005, we and our subsidiaries had approximately \$288.0 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, excluding intercompany indebtedness, \$288.0 million of which would be senior indebtedness or effectively senior in right of payment to the notes.</p>
Interest Payment	3.75% per year on the principal amount, payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2006.
Contingent Interest	Beginning with the period commencing on February 7, 2011 to July 31, 2011, and for each six-month interest period thereafter (from August 1 to and including January 31 and from February 1 to and including July 31), we will pay contingent interest during the applicable interest period if the average trading price of the notes during the five trading days ending on the second trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The amount of contingent interest payable per \$1,000 principal amount of notes during the applicable interest period will equal an annual rate of 0.25% of the average trading price of such \$1,000 principal amount of notes during the applicable five-trading-day reference period, payable in arrears.
Conversion Rights	<p>You may convert the notes into cash and shares of our common stock, if any, at a conversion rate of 23.7029 shares per \$1,000 principal amount of notes (equal to a conversion price of approximately \$42.19 per share), subject to adjustment, prior to the close of business on the business day immediately preceding stated maturity only under the following circumstances:</p> <p>during any fiscal quarter commencing after September 30, 2005, if the closing price of our common stock is greater than or equal to 130% of the conversion price for at least 20 trading days in the</p>





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period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;

prior to August 1, 2024, during the five business day-period after any five consecutive trading day period, or the measurement period, in which the trading price per \$1,000 principal amount of notes for each day of such measurement period was less than 98% of the product of the closing price of our common stock and the applicable conversion rate for the notes;

if we have called the notes for redemption and the redemption has not yet occurred; or

upon the occurrence of specified corporate transactions described under Description of Notes Conversion Rights Conversion upon Specified Corporate Transactions.

You will not receive any cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest, including contingent interest and additional amounts, if any, will be deemed paid by the cash and common stock, if any, delivered to you upon conversion. Once we have called the notes for redemption, you may surrender your notes for conversion prior to the close of business on the business day immediately preceding the redemption date.

Upon a surrender of your notes for conversion, we will deliver cash equal to the lesser of the aggregate principal amount of notes to be converted and our total conversion obligation with regard to those notes. We will deliver cash or shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation as described under Description of Notes Conversion Procedures Payment upon Conversion.

If you elect to convert your notes in connection with certain corporate transactions that occur on or prior to February 7, 2011, we will increase the conversion rate by a number of additional shares of common stock upon conversion as described under Description of Notes Conversion Rights Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving company.

**Optional Redemption**

Prior to February 7, 2011, the notes are not redeemable. On or after February 7, 2011, we may, at our option, redeem some or all of the notes in cash, at any time, upon at least 30 days' notice at a price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of redemption.

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Repurchase of Notes at the Option of the Holder	You may require us to repurchase for cash all or a portion of your notes on February 1, 2011, February 1, 2016 and February 1, 2021 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including, the date of repurchase.
Fundamental Change	If we undergo a fundamental change (as defined in this prospectus) prior to maturity of the notes, you will have the right, subject to certain conditions, to require us to repurchase for cash all or a portion of your notes at a repurchase price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but excluding the date of repurchase.
Use of Proceeds	We will not receive any of the proceeds from the resale by the selling security holders of the notes or the common stock issuable upon conversion of the notes. See Use of Proceeds.
Registration Rights	<p>We filed the shelf registration statement of which this prospectus is a part pursuant to a registration rights agreement, dated as of August 1, 2005, between the initial purchasers of the notes and us. We also agreed to use our reasonable best efforts to have the registration statement declared effective by January 27, 2006 and to use our reasonable best efforts to keep the registration statement effective until either of the following has occurred:</p> <p style="padding-left: 40px;">the sale pursuant to the shelf registration statement or Rule 144 under the Securities Act of all of the notes and any shares of our common stock issued upon their conversion; or</p> <p style="padding-left: 40px;">the expiration of the holding period applicable to the notes and the shares of our common stock issued or issuable upon their conversion held by persons that are not our affiliates under Rule 144(k) under the Securities Act, or any similar rule that may be adopted by the SEC.</p> <p>If we do not fulfill certain of our obligations under the registration rights agreement, we will be required to pay additional amounts to holders of the notes. In no event will additional amounts be payable to holders of the notes or holders of common stock issuable upon conversion of the notes in connection with a registration default relating to the common stock issuable upon conversion of the notes. If you convert some or all of your notes into common stock when there exists a registration default with respect to the notes, you will receive, on the settlement date for any notes submitted for conversion during a registration default, accrued and unpaid additional amounts to the conversion date relating to such settlement date. See Description of Notes Registration Rights.</p>
U.S. Federal Income Tax Considerations	Under the indenture governing the notes, absent administrative pronouncements or judicial decisions to the contrary, we and each

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holder have agreed to treat the notes as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. For U.S. federal income tax purposes, interest income on the notes accrues at the rate of 8.50% compounded semi-annually, which rate represents our determination of the yield at which we could issue a comparable noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to the notes. A U.S. holder will be required to accrue interest income on a constant yield to maturity basis at this rate (subject to certain adjustments), with the result that a U.S. holder may recognize interest income significantly in excess of stated interest payments received while the notes are outstanding.

A U.S. holder will also recognize gain or loss on the sale, exchange, conversion, repurchase or redemption of a note in an amount equal to the difference between the amount realized on the sale, exchange, conversion, repurchase or redemption of a note, including the fair market value of our common stock received upon a conversion, if any, and the U.S. holder's adjusted tax basis in the note. Any gain recognized on the sale, exchange, conversion, repurchase or redemption of a note generally will be ordinary interest income. Any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See Certain U.S. Federal Income Tax Considerations.

Trustee, Paying Agent and Conversion Agent      The Bank of New York Trust Company, N.A.

Book-Entry Form      The notes have been issued in book-entry form and are represented by a global certificate or certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes are shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities except in limited circumstances.

Trading      The notes issued in the initial private offering are eligible for trading in the Private Offerings, Resales and Trading through Automatic Linkages Market, commonly referred to as the PORTAL Market, of The National Association of Securities Dealers, Inc. However, the notes sold using this prospectus will no longer be eligible for trading in the PORTAL system and we cannot guarantee the liquidity or the development of any trading market for the notes. We do not intend to list the notes for trading on any automated interdealer quotation system or national securities exchange.

Trading Symbol for Our Common Stock      Our common stock is listed on the New York Stock Exchange under the trading symbol      B.

Indenture and Trustee      We have issued the notes under an indenture, dated as of August 1, 2005, between The Bank of New York Trust Company, N.A., as trustee, and us.

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Risk Factors

You should carefully consider the information set forth in the section of this prospectus entitled Risk Factors as well as the other information included in or incorporated by reference into this prospectus before deciding whether to invest in the notes.

**Table of Contents****Summary Historical Consolidated Financial Information**

The following summary historical consolidated financial information as of and for each of the years ended December 31, 2002, 2003 and 2004 and as of and for each of the nine month periods-ended September 30, 2004 and 2005 has been derived from, and should be read together with, our consolidated financial statements, and the related notes, which are incorporated by reference in this prospectus.

In the opinion of management, all adjustments considered necessary for a fair disclosure of our interim results and financial position have been included in our interim results and financial position for the nine months-ended September 30, 2004 and 2005. Interim results are not necessarily indicative of the results that can be expected for a full fiscal year. The information should also be read together with Management's Discussion and Analysis of Financial Conditions and Results of Operations included in our first of two Current Reports on Form 8-K filed with the SEC on July 25, 2005 and in our Quarterly Report on Form 10-Q for the nine months ending September 30, 2005, which are incorporated by reference into this prospectus.

EBITDA is a measurement not in accordance with generally accepted accounting principles, or GAAP. We define EBITDA as net income plus income taxes, interest expense and depreciation and amortization. We do not intend EBITDA to represent cash flows from operations as defined by GAAP, and you should not consider it as an alternative to net income, net cash provided by operating activities or any other items calculated in accordance with GAAP, or as an indicator of our operating performance. Our definition of EBITDA may not be comparable with EBITDA as defined by other companies. We believe EBITDA is commonly used by financial analysts and others in the industries in which we operate and, thus, provides useful information to investors. Our non-GAAP measure of EBITDA excludes income taxes, depreciation and amortization, and interest expense which we incur in the normal course of business. Accordingly, our calculation has limitations depending on its use.

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of pre-tax income from continuing operations, before income or loss from equity investees, plus fixed charges, plus amortization of capitalized interest, plus distributed income of equity investees, less interest capitalized. Fixed charges consists of interest on indebtedness, including amounts capitalized, amortization of debt financing costs and that portion of rental expense that we believe to be a reasonable estimate of the interest factor (deemed to be 33% of rental expense).

	Year Ended December 31,			Nine Months Ended September 30,	
	2002	2003	2004	2004 Q3	2005 Q3
<b>Statements of Income (in millions except per share data)</b>					
Net sales	\$ 784.0	\$ 890.8	\$ 994.7	\$ 743.1	\$ 825.8
Cost of sales	530.6	577.0	652.9	485.7	526.6
Selling and administrative expenses	209.1	262.0	284.2	208.5	231.6
Operating income	44.3	51.8	57.6	48.9	67.6
Other income	3.7	3.3	2.1	1.7	10.1
Interest expense	14.8	15.8	15.4	11.3	12.9
Other expenses	0.6	1.1	1.3	0.6	0.7
Income before income taxes	32.5	38.2	43.0	38.7	64.0
Income taxes	5.7	5.3	8.6	8.2	15.2
Net income	\$ 26.8	\$ 32.9	\$ 34.4	\$ 30.5	\$ 48.9

<b>Per Common Share</b>					
Net income(1)					
Basic	\$ 1.43	\$ 1.53	\$ 1.49	\$ 1.32	\$ 2.08
Diluted	1.40	1.49	1.44	1.28	2.02
Dividends	0.80	0.80	0.80	0.60	0.62

Numbers may not add up due to rounding.

(1) Net income per common share is based on weighted average common shares outstanding during each period presented.

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	Year Ended December 31,			Nine Months Ended September 30,	
	2002	2003	2004	2004 Q3	2005 Q3
<b>Average common shares outstanding (in millions)</b>					
Basic	18.8	21.5	23.1	23.1	23.5
Diluted	19.2	22.1	23.8	23.8	24.2
<b>Balance Sheet Data (in millions)</b>					
Cash and cash equivalents	\$ 28.4	\$ 49.8	\$ 36.3	\$ 33.7	\$ 31.5
Working capital	120.1	133.0	126.7	151.2	138.6
Property, plant and equipment, net	159.4	154.1	166.3	159.7	157.3
Total assets	660.2	838.4	937.0	916.4	1,013.0
Long-term debt and notes payable	221.0	241.0	268.0	278.0	288.0
Stockholders' equity	215.9	329.4	350.5	351.5	395.9
<b>Operations by Business Segment (in millions)</b>					
Net Sales					
Barnes Distribution	\$ 286.7	\$ 400.7	\$ 424.8	\$ 320.6	\$ 340.9
Associated Spring	321.7	333.1	373.5	276.4	321.3
Barnes Aerospace	183.0	165.7	205.9	154.5	171.2
Intersegment sales	(7.4)	(8.7)	(9.5)	(8.4)	(7.6)
Total net sales	\$ 784.0	\$ 890.8	\$ 994.7	\$ 743.1	\$ 825.8
Operating profit					
Barnes Distribution	\$ 7.1	\$ 16.5	\$ 13.8	\$ 14.7	\$ 21.1
Associated Spring	28.1	26.7	23.4	20.0	26.6
Barnes Aerospace	10.6	10.6	21.4	15.1	20.1
Total operating profit	\$ 45.8	\$ 53.8	\$ 58.6	\$ 49.8	\$ 67.8
<b>Other Financial Data (in millions)</b>					
Capital expenditures	19.4	18.4	28.5	21.4	18.3
Depreciation and amortization	33.6	34.6	34.1	25.2	25.9
Net cash provided (used) by operating activities	54.4	60.1	54.2	22.5	39.1
<b>EBITDA Reconciliation (in millions)</b>					
Net income	\$ 26.8	\$ 32.9	\$ 34.4	\$ 30.5	\$ 48.9
Income taxes	5.7	5.3	8.6	8.2	15.1
Depreciation and amortization	33.6	34.6	34.2	25.1	25.9
Interest expense	14.8	15.8	15.4	11.3	12.9
Earnings before interest, taxes, depreciation and amortization	\$ 81.0	\$ 88.6	\$ 92.6	\$ 75.1	\$ 102.8
Ratio of Earnings to Fixed Charges	2.7	2.9	3.1	3.6	4.9



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**RISK FACTORS**

*An investment in the notes involves a high degree of risk. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this prospectus, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the notes and our common stock could decline due to any of these risks, and you may lose all or part of your investment. In addition, please read *Forward-Looking Statements* in this prospectus, where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere contained or incorporated by reference in this prospectus. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.*

**Risks Related to the Industries in Which We Operate**

*We operate in very competitive markets. We may not be able to compete effectively with our competitors, and competitive pressures could adversely affect our business, financial condition and results of operations.*

Our three businesses compete with a number of larger and smaller companies in the markets we serve. Some of our competitors have greater financial, production, research and development or other resources than we do. Within Barnes Aerospace, certain of our OEM customers compete with us in the context of our repair and overhaul business. Some of our OEM customers in the aerospace industry also compete with us where they have the ability to manufacture the components and assemblies that we supply to them but have chosen, for capacity limitations, cost considerations or other reasons, to outsource the manufacture to us. Our three businesses compete on the basis of price, service, quality, reliability of supply, technology, innovation and, in the case of Associated Spring and Barnes Aerospace, design. We must continue to make investments to maintain and improve our competitive position. We cannot assure you that we will have sufficient resources to continue to make such investments or that we will be successful in maintaining our competitive position. Our competitors may develop products or services, or methods of delivering those products or services, that are superior to our products, services or methods. Our competitors may also adapt more quickly than we to new technologies or evolving customer requirements. Pricing pressures could cause us to adjust the prices of certain of our products to stay competitive. We cannot assure you that we will be able to compete successfully with our existing or future competitors. Also, if consolidation of our existing competitors occurs, we expect the competitive pressures we face to increase. Our failure to compete successfully could adversely affect our business, financial condition, results of operations and cash flows.

*Our customers' businesses are generally cyclical. Weaknesses in the industries in which our customers operate could impact our revenues and profitability.*

The transportation, aerospace, durable goods, telecommunications, electronics and other industries to which we sell our products are cyclical and tend to decline in response to overall declines in industrial production. Associated Spring is dependent on the transportation industry, and Barnes Aerospace is heavily dependent on the aerospace industry. As a result, our business is also cyclical and impacted by overall levels of industrial production and fluctuations in the transportation and aerospace industries. In addition, many of our customers have historically experienced periodic downturns, which often have had a negative effect on demand for our products. For example, lower production rates in the transportation markets and reduced overall sales of telecommunications and electronics products adversely affect the volume and price of orders placed for products used to manufacture these products, including our springs. Prior industry downturns have negatively affected our net sales, gross margin, net income and cash flows. In particular, the aerospace industry suffered in the wake of the events of September 11, 2001, resulting in a sharp decrease globally in new commercial aircraft deliveries and order cancellations or deferrals by the major airlines. This decrease has reduced the demand for our aerospace components and the grounding of planes due to lower air traffic and has reduced the demand

for our

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aerospace overhaul and repair services. While there has been a recovery in commercial air traffic, the commercial airline industry continues to be subject to financial difficulties, which could adversely affect our business, financial condition, results of operations and cash flows.

*Original equipment manufacturers in the automotive and aerospace industries have significant pricing leverage over suppliers and may be able to achieve price reductions over time.*

There is substantial and continuing pressure from OEMs in the automotive and aerospace industries to reduce the prices they pay to suppliers. We attempt to manage such downward pricing pressure, while trying to preserve our business relationships with our customers, by seeking to reduce our production costs through various measures, including purchasing raw materials and components at lower prices and implementing cost-effective process improvements. However, our suppliers, in the past, have resisted and, in the future, may resist pressure to lower their prices and may seek to impose price increases. In 2004, our efforts to convince our key automotive OEM customers to share in raw material price increases were met with limited success. If we are unable to offset OEM price reductions through these measures, our gross margins, profitability and cash flows could be adversely affected. In addition, OEMs have substantial leverage in setting purchasing and payment terms, including the terms of accelerated payment programs under which payments are made prior to the account due date in return for an early payment discount. OEMs can unexpectedly change their purchasing policies or payment practices, which could have a negative impact on our short-term working capital.

*Demand for our defense-related products depends on government spending.*

An increasing portion of Barnes Aerospace's sales are derived from the military market. The military market is largely dependent upon government budgets, particularly the U.S. defense budget. The funding of government programs is subject to Congressional appropriation. Although multi-year contracts may be authorized in connection with major procurements, Congress generally appropriates funds on a fiscal year basis even though a program may be expected to continue for several years. Consequently, programs are often only partially funded and additional funds are committed only as Congress makes further appropriations. We cannot assure you that an increase in defense spending will be allocated to programs that would benefit our business. Moreover, we cannot assure you that new military aircraft programs in which we participate will enter full-scale production as expected. A decrease in levels of defense spending or the government's termination of, or failure to fully fund, one or more of the contracts for the programs in which we participate could have a material adverse effect on our financial position and results of operations.

*A downturn in the automotive industry could adversely affect our business and financial results.*

During 2004, we derived a significant portion of our sales from sales to the automotive industry. Recently, the automotive industry has suffered from certain financial pressures which have had negative consequences for companies in or with customers in the automotive industry. The automotive industry has generally suffered from unfavorable pricing pressures in North America and Europe. The operation of our business within the automotive industry subjects us to the pressures applicable to all companies operating in the automotive industry. While the precise effects of such instability on the automotive industry are difficult to determine, they may negatively impact our business, financial condition, results of operations and cash flows.

*The consolidation occurring in the industries in which we operate could adversely affect our business and financial results.*

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The industries in which we operate have been experiencing consolidation, particularly in the aerospace industry. There has been consolidation of both suppliers, including us and our competitors, and the customers we serve. Supplier consolidation is in part attributable to OEMs more frequently awarding long-term sole source or preferred supplier contracts to the most capable suppliers in an effort to reduce the total number of suppliers from whom components and systems are purchased. We cannot assure you that our business, financial condition, results of operations or cash flows will not be adversely impacted as a result of consolidation by our competitors or customers.

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*The aerospace industry is highly regulated. Complications related to aerospace regulations may adversely affect Barnes Aerospace.*

A substantial portion of our income is derived from our aerospace business. The aerospace industry is highly regulated in the United States by the Federal Aviation Administration, or FAA, and in other countries by similar regulatory agencies. We must be certified by these agencies and, in some cases, by individual OEMs in order to engineer and service systems and components used in specific aircraft models. If material authorizations or approvals were revoked or suspended, Barnes Aerospace would be adversely affected. New or more stringent governmental regulations may be adopted, or industry oversight heightened, in the future, and we may incur significant expenses to comply with any new regulations or any heightened industry oversight.

*Environmental regulations impose costs and regulatory requirements on our operations. Environmental compliance may be more costly than we expect, and we may be subject to material environmental-based claims in the future.*

Our past and present business operations and past and present ownership and operations of real property subject us to extensive and changing federal, state and local environmental laws and regulations, as well as those of other countries, pertaining to the discharge of materials into the environment, the handling and disposition of wastes (including hazardous wastes) or otherwise relating to protection of the environment. We have experienced, and expect to continue to experience, costs to comply with environmental laws and regulations. In addition, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur costs or become subject to new or increased liabilities that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We use and generate hazardous substances and wastes in our operations. In addition, many of our current and former properties are or have been used for industrial purposes. Accordingly, we monitor hazardous waste management and applicable environmental permitting and reporting for compliance with applicable laws at our locations in the ordinary course of our business. We may be subject to potential material liabilities relating to any investigation and clean-up of our locations or properties where we delivered hazardous waste for handling or disposal that may be contaminated and to claims alleging personal injury.

### ***High Fuel Prices May Impact Our Operating Results***

In late summer 2005, severe hurricanes struck the Gulf Coast of the United States, including Louisiana, Texas and Mississippi, causing extensive damage. These hurricanes caused widespread disruption to oil production, refinery operations and pipeline capacity in certain areas of the United States, and, as a result, the price of jet fuel has increased significantly since late August 2005. Fuel costs constitute a significant portion of operating expenses for companies in the aerospace industry. Because many of our customers and we are in the aerospace industry, increased fuel costs could have a material adverse effect on our financial condition or results of operations.

### **Risks Related to Our Business**

*The global nature of our business exposes us to foreign currency fluctuations that may affect our future revenues and profitability.*

## Edgar Filing: BARNES GROUP INC - Form 424B3

We have manufacturing, sales and distribution facilities around the world, and the majority of our foreign subsidiaries use the local currency as their functional currency. These include, among others, the Canadian dollar, Euro, British pound, Singapore dollar, Swedish krona, Mexican peso and Brazilian real. Because our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies expose us to translation risk when the local currency financial statements are translated to U.S. dollars, our functional currency. Changes in currency exchange rates may also expose us to transaction risk.

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We may buy protecting or offsetting positions or hedges in certain currencies to reduce our exposure to currency exchange fluctuations; however, these transactions may not be adequate or effective to protect us from the exposure for which they are purchased. We have not engaged in any speculative hedging activities. Currency fluctuations may impact our revenues and profitability in the future.

*Changes in the availability or price of materials and energy resources could adversely affect our costs and profitability.*

We may be adversely affected by commodity price changes, especially related to certain manufacturing operations that utilize high-grade steel spring wire and titanium. The availability and price of raw materials and energy resources may be subject to curtailment or change due to, among other things, new laws or regulations, global economic or political events including strikes, terrorists attacks and war, suppliers allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. Although we are not dependent upon any single source for any of our principal raw materials or products for resale, and such materials and products have, historically, been readily available, we cannot assure you that such raw materials and products will continue to be readily available. We are currently re-negotiating certain of our steel supply contracts. Disruption in the supply of raw materials, products or energy resources or our inability to come to a favorable agreement with our suppliers could impair our ability to manufacture, sell and deliver our products and require us to pay higher prices. Any increase in prices for such raw materials, products or energy resources could materially affect our costs and our profitability.

*We depend on revenues from a small number of significant customers. Any loss, cancellation, reduction or delay in purchases by these customers could harm our business.*

In 2004, our net sales to General Electric Co. and its subsidiaries accounted for 12% of our total sales, as compared to 10% in 2003. Approximately 25% of Associated Spring's sales in 2004 were from Associated Spring's three largest customers, and approximately 72% of Barnes Aerospace's sales in 2004 were from General Electric Co. and four other OEMs in the aerospace business. Our success will depend on our continued ability to develop and manage relationships with significant customers. We cannot assure you that we will be able to retain our largest customers. Some of our customers may in the future shift their purchases from us to our competitors, in-house or to other sources. While we have long-term agreements with most of our significant customers, the terms of some of these agreements provide that until a firm order is placed by a customer for a particular product, the customer may unilaterally reduce or discontinue its projected purchases without penalty. The loss of one or more of our largest customers, any reduction or delay in sales to these customers, our inability to successfully develop relationships with new customers, or future price concessions we make to retain customers could significantly reduce our sales and profitability.

*Our operations depend on our manufacturing, distribution, sales and service facilities in various parts of the world. These manufacturing, distribution and service facilities are subject to physical and other risks that could disrupt our operations.*

During 2004, approximately 27% of our sales were from facilities outside of the United States. Also, we have twelve manufacturing facilities and seven distribution centers outside the United States. The international scope of our business subjects us to risks such as a threat of war, terrorism or instability of governments and legal systems in countries in which we or our customers conduct business. The terrorist attacks of September 11, 2001 adversely impacted the U.S. and world economies and a wide range of industries. These terrorist attacks and the war in the Middle East may lead to future acts of terrorism and additional hostilities, including possible retaliatory attacks, as well as financial, economic and political instability. In addition, because we depend upon our information systems to help process orders, to manage inventory and accounts receivables collections, to purchase, sell and ship products efficiently and on a timely basis, to maintain cost-effective operations, and to help provide superior service to our customers, any disruption in the operation of our information systems,





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including widespread power outages such as those that affected the northeastern and midwest United States in August 2003, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Although we have obtained property damage and business interruption insurance, a major catastrophe such as an earthquake or other natural disaster at any of our sites, or significant labor strikes, work stoppages, political unrest, or any of the events described above, some of which may not be covered by our insurance, in any of the areas where we conduct operations could result in a prolonged interruption of our business. Any disruption resulting from these events could cause significant delays in the manufacture or shipment of products or the provision of repair and other services that may result in our loss of sales and customers. Our insurance will not cover all potential risks, and we cannot assure you that we will have adequate insurance to compensate us for all losses that result from any insured risks. Any material loss not covered by insurance could have a material adverse effect on our financial condition, results of operations and cash flows. We cannot assure you that insurance will be available in the future at a cost acceptable to us or at a cost that will not have a material adverse effect on our gross margins, net income and cash flows.

### ***Our significant international operations and assets subject us to additional financial and regulatory risks.***

We have operations and assets in various parts of the world. In addition, we sell our products and services in foreign countries and seek to increase our level of international business activity. Accordingly, we are subject to various risks, including: U.S.-imposed embargoes of sales to specific countries; foreign import controls (which may be arbitrarily imposed or enforced); export regulations (which require us to comply with stringent licensing regimes); anti-dumping regulations; price and currency controls; exchange rate fluctuations; dividend remittance restrictions; expropriation of assets; war, civil uprisings and riots; government instability; the necessity of obtaining governmental approval for new and continuing products and operations; legal systems or decrees, laws, taxes, regulations, interpretations and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; and difficulties in managing a global enterprise. We have experienced minor or technical violations of some of these regulations, including export regulations, in the past, none of which have had or, we believe, will have a material adverse effect on our business. However, any significant violations of these regulations in the future could result in a civil or criminal sanctions, the loss of export or other licenses which could have a material adverse effect on our business. We may also be subject to unanticipated income taxes, excise duties, import taxes, export taxes or other governmental assessments. In addition, our organizational structure may limit our ability to transfer funds between countries, particularly into and out of the United States, without incurring adverse tax consequences. Any of these events could result in a loss of business or other unexpected costs that could reduce sales or profits and have a material adverse effect on our financial condition, results of operations and cash flows.

***Declines in the stock market, prevailing interest rates and rising medical costs may cause an increase in our pension and other post-retirement expense in the future and result in reductions in our pension fund asset values and increases in our pension and other post-retirement obligations. These changes have caused and may continue to cause a significant reduction in our net worth and may require us to make higher cash contributions to our pension and post-retirement plans in the future.***

We recorded a non-cash minimum pension liability adjustment for underfunded pension plans of \$24.1 million at December 31, 2003 which increased to \$35.2 million at December 31, 2004, representing the excess of the accumulated benefit obligation over the fair value of pension plan assets. Recognition of the minimum pension liability resulted in an after-tax charge of \$16.8 million in 2002 and \$8.9 million in 2004 partially offset by an after-tax benefit of \$5.7 million in 2003, all of which are included in accumulated other non-owner changes in equity, which is part of stockholders' equity. The principal cause of the minimum pension liability adjustment was the decline in the value, in certain years prior to 2003, of equity securities held by the pension trusts as well as a significant decline in the discount rate. Our discount rate used to determine net pension expense fell from 7.25% in 2002 to 6.25% in 2004. The rate we are using for pension expense in 2005 is 5.73% which is also the



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rate used to determine the accumulated benefit obligations at December 31, 2004. This reduction in the discount rate to 5.73% is expected to increase our pension expense in 2005 by approximately \$1.0 million. The expected rate of return on pension assets used to calculate pension expense was 9.5% in both 2004 and 2003. If our actual investment returns fall below our revised assumptions, we may be forced to recognize a pension expense in future periods, which could have a substantial negative effect on our profitability. Additional declines in the fair value of our pension plans' assets and/or decreases in prevailing interest rates may require us to take additional charges to accumulated other non-owner changes to equity, thereby significantly reducing our stockholders' equity and affecting our ability to maintain the required net worth ratios under our debt arrangements. In addition, approximately \$4.6 million in cash contributions were made by us to our various pension plans in 2004, including the required contributions to our unqualified U.S. pension plans. We expect to contribute approximately \$3.3 million to our various plans in 2005.

In addition to pension plans, we provide certain other medical, dental and life insurance post retirement benefits for a majority of our retired employees in the United States and Canada. We fund these benefit obligations as incurred. The expenses for these benefits are impacted by the trend in medical costs as well as changes in the discount rate. A one percentage point increase in our assumed healthcare cost trend rate would increase our other post retirement benefit obligation by \$2.0 million and increase our expense by \$0.1 million annually.

In summary, changing economic conditions, pension investment returns, lower discount rates and higher medical costs or other factors may require us to make additional cash contributions to our pension plans and other post-retirement plans in the future, preventing us from using such cash for other purposes.

### ***We have significant indebtedness that could affect our operations and financial condition.***

At September 30, 2005, we had net consolidated debt and capitalized lease obligations, minus cash and cash equivalents, of \$256.5 million, representing approximately 39% of our total capital (net indebtedness plus stockholders' equity) as of that date. We may incur additional indebtedness to finance future acquisitions. Our level of indebtedness and the significant debt servicing costs associated with that indebtedness could have important effects on our operations and financial condition and may adversely affect the value or trading price of our outstanding equity securities and debt securities. For example, our indebtedness could:

require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the amount of our cash flows available for working capital, capital expenditures, acquisitions, dividends and other general corporate purposes;

limit our flexibility in planning for, or reacting to, changes in the industries in which we compete;

place us at a competitive disadvantage compared to our competitors, some of whom have lower debt service obligations and greater financial resources than we do;

limit our ability to borrow additional funds; and

increase our vulnerability to general adverse economic and industry conditions.

*Our failure to meet certain financial covenants required by our debt agreements may materially and adversely affect our assets, financial position and cash flows.*

Certain of our debt arrangements require us to maintain certain interest coverage and leverage ratios and a minimum net worth and place certain restrictions on capital expenditures, dividend payments and acquisitions of our common stock. These requirements could limit our ability to obtain future financing and may prevent us from taking advantage of attractive business opportunities. Our ability to meet the financial covenants or requirements in our debt arrangements may be affected by events beyond our control, and we cannot assure you that we will satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the

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restrictions could result in an event of default under our debt arrangements, which in turn could result in an event of default under the terms of our other indebtedness. Upon the occurrence of an event of default under our debt arrangements, after the expiration of any grace periods, our lenders could elect to declare all amounts outstanding under our debt arrangements, together with accrued interest, to be immediately due and payable. If this happens, we cannot assure you that our assets would be sufficient to repay in full the payments due under those arrangements or our other indebtedness, including the notes.

*We have significant goodwill and an impairment of our goodwill could cause a decline in our net worth.*

Our total assets include substantial goodwill. At September 30, 2005, our goodwill totaled \$234.1 million, compared to \$395.9 million of stockholders' equity. The goodwill results from our acquisitions, representing the excess of the purchase price we paid over the fair value of the tangible and intangible assets we acquired. During each calendar year, we assess whether there has been an impairment in the value of our goodwill. If future operating performance at one or more of our businesses does not meet expectations, we may be required to reflect, under current applicable accounting rules, a non-cash charge to operating results for goodwill impairment. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations and total capitalization, the effect of which could be material. A reduction in our stockholders' equity due to an impairment of goodwill may affect our ability to maintain the required net worth ratios under our debt arrangements. We completed our annual assessment of goodwill in the second quarter of 2005 and determined that no impairment then existed. We will test for impairment again in the second quarter of 2006, or sooner if triggering events warrant an assessment.

*We could be adversely affected by changes in interest rates.*

Our profitability may be adversely affected as a result of increases in interest rates. At September 30, 2005, we and our subsidiaries had approximately \$288.0 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, of which approximately 12% had interest rates that float with the market, either under the terms of the indebtedness or as a result of interest rate swap agreements that were then in force. A 100 basis point increase in the interest rate on the floating rate debt in effect at September 30, 2005 would have resulted in an approximate \$0.4 million annualized increase in interest expense.

*We may not realize all of the sales expected from our existing Associated Spring and Barnes Aerospace backlog or anticipated orders.*

At September 30, 2005, Associated Spring had \$84.1 million of order backlog and Barnes Aerospace had \$255.7 million of order backlog. We consider backlog to be firm customer orders for future delivery. From time to time, OEM customers of Associated Spring and Barnes Aerospace provide projections of components and assemblies that they anticipate purchasing in the future under new and existing programs. Such projections are not included in our backlog unless we have received a firm release from our customers. Our customers may have the right under certain circumstances and with certain penalties or consequences to terminate, reduce or defer firm orders that we have in backlog. If our customers terminate, reduce or defer firm orders, we may be protected from certain costs and losses, but our sales will nevertheless be adversely affected. Although we strive to maintain ongoing relationships with our customers, there is an ongoing risk that orders may be cancelled or rescheduled due to fluctuations in our customers' business needs or purchasing budgets.

Also, our realization of sales from new and existing programs is inherently subject to a number of important risks and uncertainties, including whether our customers will execute the launch of product programs on time, or at all, the number of units that our customers will actually produce and the timing of production. In addition, until firm orders are placed, our customers generally have the right to discontinue a program or replace us with another supplier at any time without penalty. Our failure to realize sales from new and existing programs would have a material adverse effect on our net sales, results of operations and cash flows.



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### ***We may not recover all of our up-front costs related to new or existing programs.***

New programs require significant up-front investments and capital expenditures for engineering, design and tooling. As OEMs in the automotive and aerospace industries have looked to suppliers to bear increasing responsibility for the design, engineering and manufacture of systems and components, they have increasingly shifted the financial risk associated with those responsibilities to the suppliers as well. This trend is likely to continue and is most evident in the area of engineering cost reimbursement. Historically, these investments have been fully reimbursed by OEMs, but in the future there may be other mechanisms established by OEMs that could result in less than full reimbursement or no reimbursement. We cannot assure you that we will have adequate funds to make such up-front investments and capital expenditures. In the event that we are unable to make such investments and expenditures, or to recover them through sales or direct reimbursement of our engineering expenses from our customers, our profitability, liquidity and cash flows may be adversely affected. In addition, we incur costs and make capital expenditures for new program awards based upon certain estimates of production volumes. While we attempt to recover such costs and capital expenditures by appropriately pricing our products, the prices of our products are based in part upon planned production volumes. If the actual production is significantly less than planned, we will be unable to recover such costs. In addition, because a significant portion of our overall costs is fixed, declines in our customers' production levels can adversely affect the level of our reported results even if our up-front investments and capital expenditures are recovered.

### ***We may not recover all of our up-front costs related to Revenue Sharing Programs (RSPs).***

As of September 30, 2005, our total assets included \$132.5 million of aftermarket RSP participation fees related to seven revenue sharing programs. We participate in aftermarket RSPs under which we receive an exclusive right to supply designated aftermarket parts to a large aerospace manufacturer over the life of an aircraft engine program. As consideration, we pay participation fees, which are recorded as long-lived intangible assets, and are recognized as a reduction to sales over the life of the program. The recoverability of the asset is dependent upon future revenues related to the program's aftermarket parts. The potential exists that actual revenues will not meet expectations. A shortfall in future revenues may result in the failure to recover the total amount of the investments, which could adversely affect our financial condition and results of operations and cash flows.

### ***We face risks of cost overruns and losses on fixed-price contracts.***

We sell certain of our products under firm, fixed-price contracts providing for a fixed price for the products regardless of the production costs incurred by us. The cost of producing products may be adversely affected by increases in the cost of labor, materials, fuel, outside processing, overhead and other factors, including manufacturing inefficiencies. Increased production costs may result in cost overruns and losses on contracts.

### ***The departure of existing management and key personnel, a shortage of skilled employees or a lack of qualified sales professionals could materially affect our business, operations and prospects.***

Our executive officers are important to the management and direction of our business. Our future success depends, in large part, on our ability to retain these officers and other capable management personnel. Although we believe we will be able to attract and retain talented personnel and replace key personnel should the need arise, our inability to do so could have a material adverse effect on our business, financial condition, results of operations or cash flows. Because of the complex nature of many of our products and services, we are generally dependent on an educated and highly skilled workforce. In addition, there are significant costs associated with the hiring and training of sales professionals. We could be adversely affected by a shortage of available skilled employees or the loss of a significant number of our sales professionals.

*Any product liability claims in excess of insurance may adversely affect our financial condition.*

Our operations expose us to potential product liability risks that are inherent in the design, manufacture and sale of our products. For example, we may be exposed to potential liability for personal injury or death as a result



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of the failure of a spring or other part in a vehicle or an aircraft component designed, manufactured or sold by us or the failure of an aircraft component that has been serviced by us. While we believe that our liability insurance is adequate to protect us from these liabilities, our insurance may not cover all liabilities. Additionally, insurance coverage may not be available in the future at a cost acceptable to us. Any material liability not covered by insurance or for which third-party indemnification is not available could have a material adverse effect on our financial condition, results of operations and cash flows.

*Our business, financial condition, results of operations and cash flows could be adversely impacted by strikes or work stoppages.*

Approximately 16.9% of our U.S. employees and 36.9% of our non-U.S. employees are covered by collective bargaining agreements which expire between 2005 and 2007. We are currently negotiating collective bargaining agreements with unionized employees at our Bristol, Connecticut, and Corry, Pennsylvania, facilities, representing a total of 301 employees. Negotiations are also underway for healthcare and pension benefits at the national level, covering employees at our Saline, Michigan, facility as well as at our Bristol and Corry facilities, representing 451 employees in the aggregate and 1,094 retirees. Although we believe that our relations with our employees are good, we cannot assure you that we will be successful in negotiating new collective bargaining agreements at these or our other facilities, that such negotiations will not result in significant increases in the cost of labor, including healthcare, pension or other benefits, or that a breakdown in such negotiations will not result in the disruption of our operations. In April 2002, we experienced a work stoppage for one workday at our Associated Spring facility in Bristol. Any potential strikes or work stoppages, and the resulting adverse impact on our relationships with customers, could have a material adverse effect on our business, financial condition, results of operations or cash flows. Similarly, a protracted strike or work stoppage at any of our major customers, suppliers or other vendors could materially adversely affect our business.

## **Risks Related to Acquisitions**

*We may not be able to effectively integrate acquired companies into our operations.*

We have completed eleven acquisitions since 1999. We seek acquisition opportunities that complement and expand our operations and that will help create stockholder value over the long term. We cannot assure you that we will be able to effectively integrate our recent or future acquisitions into our operations. We may not be able to do so successfully without substantial costs, delays or other difficulties. We could face significant challenges in consolidating functions and integrating procedures, information technology systems, personnel, product lines and operations in a timely and efficient manner. In particular, we may encounter difficulties in integrating our technology and training our sales forces to work with new products and customers.

The integration process is complex and time-consuming, may be disruptive to our businesses, and may cause an interruption of, or a loss of momentum in, our businesses as a result of a number of obstacles, such as:

the loss of significant customers;

the need to retrain skilled engineering, sales and other personnel resulting from the loss of key employees;

the failure to maintain the quality of customer service that each business has historically provided;

the need to coordinate geographically diverse organizations;

retooling and reprogramming of equipment and information technology systems; and

the resulting diversion of management's attention from our day-to-day business and the need to hire additional management personnel to address integration obstacles.

If we are not successful in integrating our recent and future acquisitions into our operations, if the integration takes longer than anticipated, if the companies or assets we acquire do not perform as we anticipate or

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if the integrated product and service offerings fail to achieve market acceptance, our business, financial position, results of operations and cash flows could be adversely affected.

*We may not be able to realize the anticipated cost savings, synergies or revenue enhancements from acquisitions, and we may incur significant costs to achieve these savings.*

Even if we are able to integrate successfully the operations of our company and our recent and any future acquisitions, we may not be able to realize the cost savings, synergies or revenue enhancements that we anticipate from the acquisition, either as to amount or in the time frame that we expect. Our ability to realize anticipated cost savings, synergies and revenue enhancements may be affected by a number of factors, including the following:

our ability to effectively eliminate duplicative backoffice overhead and overlapping sales personnel, rationalize manufacturing capacity, consolidate warehousing and distribution facilities and shift production to more economical facilities;

our incurrence of significant cash and non-cash integration and implementation costs or charges in order to achieve those cost savings, which could offset any such savings and other synergies resulting from our recent or future acquisitions; and

our ability to avoid labor disruption in connection with integration efforts.

In addition, our growth to date has placed, and future acquisitions could continue to place, significant demand on our administrative, operational and financial resources.

*Future acquisitions are a key component of our anticipated growth. We may not be able to identify or complete future acquisitions.*

A significant portion of the industries that we serve are mature industries. As a result, our recent growth has resulted in large part from, and our future growth will depend in part on, the successful acquisition and integration of businesses into our existing operations. While we are focused on adding strategic pieces to our operations by acquiring companies, manufacturing and service assets and technologies that complement our three existing businesses, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval or otherwise complete acquisitions in the future.

## **Risks Related to the Offering**

*The notes rank junior in right of payment to our senior debt and effectively junior to the liabilities of our subsidiaries.*

The notes are subordinated to all of our existing and future senior debt. The notes are not secured by any of our assets. In the event we default on any of our senior debt or in the event we undergo a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding, the proceeds of

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the sale of our assets would first be applied to the repayment of our senior debt before any of those proceeds would be available to make payments on our subordinated debt, including the notes. Accordingly, upon an acceleration of the notes, there may be no assets remaining from which claims of the holders of the notes could be satisfied or, if any assets remained, they might be insufficient to satisfy those claims in full.

No payments in respect of the notes will be permitted during certain periods when an event of default under our senior debt permits the senior debt lenders to accelerate its maturity.

In addition, the notes are not guaranteed by any of our existing or future subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due with

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respect to the notes or to make any funds available therefor, whether by dividends, loans or other payments. As a result, the notes effectively rank junior in right of payment to all existing and future debt and other liabilities (including trade payables) of our subsidiaries. At September 30, 2005, we and our subsidiaries had approximately \$288.0 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, excluding intercompany indebtedness, \$288.0 million of which would be senior indebtedness or effectively senior in right of payment to the notes.

In addition, the indenture governing the notes does not restrict us or our subsidiaries from incurring debt (including senior debt) in the future. The incurrence by us of additional senior debt or by our subsidiaries of additional debt and other liabilities will increase the risks described above.

*We may depend on the cash flows of our subsidiaries in order to satisfy our obligations under the notes.*

We are an operating entity which also conducts a significant portion of our business through our subsidiaries. Our operating cash flows and consequently our ability to service our debt, including the notes, is therefore partially dependent upon our subsidiaries' earnings and their distributions of those earnings to us and may also be dependent upon loans, advances or other payments of funds to us by those subsidiaries. Our subsidiaries are separate legal entities and have no obligation, contingent or otherwise, to pay any amount due pursuant to the notes or to make any funds available for that purpose. Our subsidiaries' ability to make payments may be subject to the availability of sufficient surplus funds, the terms of such subsidiaries' indebtedness, applicable laws and other factors.

*There is no public market for the notes, which could limit their market price or the ability to sell them.*

There is no established public trading market for the notes. The notes originally issued in the private offering are eligible for trading on the PORTAL market. However, notes sold pursuant to this prospectus will no longer be eligible for trading on the PORTAL market. The notes will not be listed on any securities exchange or included in any automated quotation system. We cannot assure you that an active trading market for the notes will develop or, if such market develops, that you will be able to sell your notes.

If a trading market does not develop or is not maintained, holders of the notes may experience difficulty in reselling, or an inability to sell, the notes. If a market for the notes develops, any such market may be discontinued at any time. If a public trading market develops for the notes, future trading prices of the notes will depend on many factors, including, among other things, the price of our common stock into which the notes are convertible, prevailing interest rates, our operating results and the market for similar securities. Depending on the price of our common stock into which the notes are convertible, prevailing interest rates, the market for similar securities and other factors, including our financial condition, the notes may trade at a discount from their principal amount.

*We may not have the funds necessary to finance the repurchase of the notes or to pay the cash payable upon a conversion or we may otherwise be restricted from making such payments which may increase your credit risk.*

On February 1, 2011, February 1, 2016 and February 1, 2021 or in the event of a fundamental change (as defined in this prospectus), holders may require us to repurchase their notes at a price of 100% of the principal amount of the notes, plus accrued and unpaid interest, including contingent interest and additional amounts, to the repurchase date. Upon a conversion, we will be required to make a cash payment of up to \$1,000 for each \$1,000 in principal amount of notes converted. However, it is possible that we will not have sufficient funds available at such

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time to make the required repurchase or settlement of converted notes. In addition, some of our existing financing agreements contain, and any future credit agreements or other agreements relating to our indebtedness could contain, provisions prohibiting the repurchase of the notes under certain circumstances, or could provide that a fundamental change constitutes an event of default under that agreement, or restrict our ability to make cash payments upon conversion of the notes. If any agreement governing our indebtedness

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prohibits or otherwise restricts us from repurchasing the notes or making the cash payment upon conversion when we become obligated to do so, we could seek the consent of the lenders to repurchase the notes or settle the conversion or attempt to refinance the other debt. If we do not obtain such a consent or refinance the debt, we would not be permitted to repurchase the notes or settle the conversion without potentially causing a default under the other debt. Our failure to repurchase tendered notes or to pay any cash payable on a conversion would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

In addition, certain important corporate events such as a leveraged recapitalization that would increase the level of our debt, may not constitute a fundamental change.

***Upon the occurrence of a conversion triggering event, the ability of noteholders to convert their notes, or upon the occurrence of a fundamental change, the ability of the noteholders to have their notes repurchased by us, may constitute an event of default under certain of our indebtedness.***

Upon the occurrence of a conversion triggering event, our requirement to pay in cash a portion of the conversion value of any notes tendered for conversion may constitute an event of default under the agreements governing certain of our indebtedness. Similarly, upon the occurrence of a fundamental change (as defined in the indenture governing the notes offered hereby), the ability of the noteholders to have their notes repurchased by us, may also constitute an event of default under such debt agreements. If an event of default does occur, then the holders of such indebtedness would be entitled to accelerate and declare all such indebtedness to be immediately due and payable, which in turn would most likely cause our other indebtedness to become due and payable as well. Following this offering, we will attempt to amend these debt agreements to clarify that the ability of the holders to convert their notes after the occurrence of a conversion triggering event, or the ability of the noteholders to have their notes repurchased by us upon the occurrence of a fundamental change, will not constitute an event of default under these agreements. However, we cannot assure you that we will be successful in obtaining such an amendment for all or any portion of such indebtedness. As of September 30, 2005, the amount of indebtedness outstanding under these agreements was approximately \$288.0 million. If we fail to obtain such an amendment, the occurrence of a conversion triggering event or a fundamental change could have a material adverse effect on our business while such debt is outstanding.

***The price of our common stock historically has been volatile, which may make it difficult for you to resell the notes or any common stock into which the notes are convertible, and the sale of substantial amounts of our common stock could adversely affect the price of our common stock and, thus, the conversion price of the notes.***

Subject to certain conditions, the notes are convertible into cash and possibly shares of our common stock, the amount of which will be based on the market price of our common stock at the time of conversion. The market price of our common stock historically has experienced and may continue to experience high volatility, and the broader stock market has experienced significant price and volume fluctuations in recent years. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our common stock. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us or our competitors could cause the market price of our common stock to fluctuate substantially. The trading price of the notes is expected to be affected significantly by the price of our common stock.

In addition, the sale of substantial amounts of our common stock could adversely impact its price. In the future, we may sell additional shares of our common stock to raise capital. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the notes. As of September 30, 2005, 4,418,046 shares of our common stock were reserved for issuance for outstanding stock options and restricted stock units. We cannot predict the size of future issuances or the effect, if





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any, that they may have on the market price for our common stock. The issuance and sales of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our common stock.

The price of our common stock could also be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that may develop involving our common stock. The hedging or arbitrage could, in turn, affect the trading prices of the notes.

***The additional shares of common stock payable on any notes converted in connection with specified corporate transactions may not adequately compensate you for any loss you may experience as a result of such specified corporate transactions.***

If certain specified corporate transactions occur on or prior to February 7, 2011, we will under certain circumstances increase the conversion rate on notes converted in connection with the specified corporate transaction by a number of additional shares of common stock. The number of additional shares of common stock will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per share of our common stock in the specified corporate transaction as described under Description of Notes Conversion Procedures Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control. The additional shares of common stock issuable upon conversion of the notes in connection with a specified corporate transaction may not adequately compensate you for any loss you may experience as a result of such specified corporate transaction. If the specified corporate transaction occurs after February 7, 2011 or if the price paid per share of our common stock in the specified corporate transaction is less than the common stock price at the date of issuance of the notes or above a specified price, there will be no increase in the conversion rate. In addition, in certain circumstances upon a change of control arising from our acquisition by a public company, we may elect to adjust the conversion rate as described under Description of Notes Conversion Procedures Conversion Rate Adjustments Make Whole Amount Adjustments for Conversion After a Public Acquirer Change of Control and, if we so elect, holders of notes will not be entitled to the increase in the conversion rate determined as described above.

***The conversion rate of the notes may not be adjusted for all dilutive events.***

The conversion rate of the notes is subject to adjustment for certain events, including but not limited to the issuance of stock dividends on our common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain tender or exchange offers as described under Description of Notes Conversion Procedures Conversion Rate Adjustments. The conversion rate will not be adjusted for other events, such as an issuance of common stock for cash, that may adversely affect the trading price of the notes or the common stock. There can be no assurance that an event that adversely affects the value of the notes, but does not result in an adjustment to the conversion rate, will not occur.

***You should consider the U.S. federal income tax consequences of owning and disposing of the notes.***

The notes are characterized as indebtedness for U.S. federal income tax purposes. Accordingly, you will be required to include, in your income, interest with respect to the notes.

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The notes are also characterized as contingent payment debt instruments for U.S. federal income tax purposes and are subject to U.S. federal income tax regulations applicable to contingent payment debt instruments. Consequently, the notes are treated as issued with original issue discount for U.S. federal income tax purposes, and you are required to include such original issue discount in your income as it accrues. The amount of original issue discount required to be included by you in income for each year generally is in excess of the payments and accruals on the notes for non-tax purposes (i.e., in excess of the stated semi-annual regular interest payments and accruals and any contingent interest payments) in that year.

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You will recognize gain or loss on the sale, exchange, conversion or redemption of a note in an amount equal to the difference between the amount realized, including the fair market value of our common stock received, and your adjusted tax basis in the note. Any gain recognized by you on the sale, exchange, conversion or redemption of a note will be treated as ordinary interest income. A discussion of the U.S. federal income tax consequences of ownership of the notes is contained in this prospectus under the heading Certain U.S. Federal Income Tax Considerations.

***The conditional conversion feature of the notes could result in you not receiving the value of the common stock into which the notes are convertible.***

The notes are convertible into cash and shares of common stock, if any, only if specific conditions are met. If the specific conditions for conversion are not met, you may not be able to receive the value of the common stock into which your notes would otherwise be convertible.

***Upon conversion of the notes, you may receive less proceeds than expected because the value of our common stock may decline after you exercise your conversion right.***

The conversion value that you will receive upon conversion of your notes is in part determined by the average of the last reported sale prices of our common stock for the 20 trading days beginning on the second trading day immediately following the day the notes are tendered for conversion (assuming we do not elect to pay cash to holders of notes in lieu of the residual value shares), or, if tendered within 20 days leading up to the maturity date or a specified redemption date, beginning on the fifth day following the maturity date or the redemption date. Accordingly, if the price of our common stock decreases after you tender your notes for conversion, the conversion value you will receive may be adversely affected.

***Fraudulent transfer statutes may limit your rights as a noteholder.***

Federal or state fraudulent transfer laws permit a court, if it makes certain findings, to:

avoid all or a portion of our obligations under the notes to you;

subordinate our obligations under the notes to you to our other existing and future indebtedness, entitling other creditors to be paid in full before any payment is made on the notes; and

take other action detrimental to you, including, in some circumstances, invalidating the notes.

If a court were to take any of those actions, we cannot assure you that you would ever be repaid.

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Under federal and state fraudulent transfer laws, in order to take any of those actions, courts will typically need to find that, at the time the notes were issued, we:

issued the notes with the intent of hindering, delaying or defrauding current or future creditors; received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by the notes and were insolvent or were rendered insolvent by reason of the issuance of the notes;

were engaged, or about to engage, in a business or transaction for which our assets were unreasonably small; or

intended to incur, or believed (or should have believed) we would incur, debts beyond our ability to pay as such debts mature (as all of the foregoing terms are defined in or interpreted under such fraudulent transfer statutes).

Different jurisdictions define insolvency differently. However, we generally would be considered insolvent at the time we incurred the indebtedness constituting the notes if (1) the fair market value (or fair saleable value) of our assets is less than the amount required to pay our total existing debts and liabilities (including the probable liability related to contingent liabilities) as they become absolute or matured or (2) we

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were incurring debts beyond our ability to pay as such debts mature. We cannot assure you as to what standard a court would apply in order to determine whether we were insolvent as of the date the notes were issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that we were insolvent on that date. Nor can we assure you that a court would not determine, regardless of whether we were insolvent on the date the notes were issued, that the payments constituted fraudulent transfers on another ground.

### **Risks Related to our Common Stock**

*Limited trading volume of our common stock may contribute to its price volatility.*

Our common stock is traded on the New York Stock Exchange. During 2004, the average consolidated daily trading volume for our common stock as reported by the New York Stock Exchange was approximately 74,000 shares. We are uncertain as to whether a more active trading market in our common stock will develop. As a result, relatively small trades may have a significant impact on the trading price of our common stock. Other factors may also affect the volatility of the trading price of our common stock.

*Certain provisions of our certificate of incorporation, by-laws, shareholder rights plan and the Delaware General Corporation Law may have possible anti-takeover effects.*

Some of the provisions of our certificate of incorporation, by-laws and shareholder rights plan could discourage, delay or prevent an acquisition of our business at a premium price. The provisions:

permit the board of directors to increase its own size and fill the resulting vacancies;

provide for a board comprised of three classes of directors with each class serving a staggered three-year term;

authorize the issuance of up to 3,000,000 shares of preferred stock in one or more series without a stockholder vote;

entitle certain holders of our common stock to purchase a fraction of a share of our Series A Junior Participating Preferred Stock that may be converted into a right to purchase our or a successor's common stock at a discount; and

under certain circumstances, require a 70% super-majority vote to approve certain mergers and other business combinations between us and any holder of 5% or more of our common stock.

In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock.

*We may not be able to pay dividends on our common stock.*

While we historically have paid dividends on our common stock, we are under no obligation to declare or pay such dividends. The declaration and payment of dividends on our common stock in the future is subject to, and will depend upon, among other things:

our future earnings and financial condition, liquidity and capital requirements;

our ability to pay dividends under our debt arrangements; and

other factors deemed relevant by our board of directors.

If we cease to pay or reduce the amount of dividends on our common stock, the market price of our common stock may decline. Certain of our debt agreements contain covenants and provisions that restrict the amount of dividends our subsidiaries may make, and certain of our other debt agreements contain financial covenants that require the maintenance of interest coverage and leverage ratios and minimum levels of net worth. Such covenants and restrictions may restrict the amount of dividends we may make under such agreements.

**Table of Contents****USE OF PROCEEDS**

We will not receive any proceeds from the sale by the selling security holders of the securities offered by this prospectus.

**PRICE RANGE OF COMMON STOCK**

Our common stock is currently quoted on the New York Stock Exchange under the symbol **B**. The following table shows, for the periods indicated, the high and low closing prices per share of our common stock as reported on the New York Stock Exchange. The market price for our common stock may continue to be subject to wide fluctuations in response to a variety of factors, some of which are beyond our control. See Risk Factors Risks Related to our Common Stock.

<b>Quarter Ended</b>	<b>Price Range of Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>Fiscal Year Ended December 31, 2003</b>		
First Quarter	\$ 22.07	\$ 18.55
Second Quarter	21.85	19.32
Third Quarter	26.11	21.95
Fourth Quarter	33.85	26.45
<b>Fiscal Year Ended December 31, 2004</b>		
First Quarter	33.57	26.01
Second Quarter	29.58	25.73
Third Quarter	29.14	24.20
Fourth Quarter	28.46	24.80
<b>Fiscal Year Ended December 31, 2005</b>		
First Quarter	28.59	23.85
Second Quarter	34.07	25.45
Third Quarter	36.69	33.14
Fourth Quarter (through December 21, 2005)	36.50	33.36

On December 23, 2005, the reported last sale price for our common stock on the New York Stock Exchange was \$33.61 per share. We encourage you to obtain current market quotations for our common stock before deciding whether to purchase our notes from this offering.

At September 30, 2005, there were 23,805,629 shares of our common stock outstanding, held by approximately 6,601 stockholders of record.

**DIVIDEND POLICY**

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We pay quarterly dividends on shares of our common stock. We paid dividends of \$0.20 per share for each quarter in the years ended December 31, 2003 and 2004 and for the quarters ended March 31, 2005 and June 30, 2005. We paid a third quarter dividend of \$0.22 on September 9, 2005 and a fourth quarter dividend of \$0.22 on December 9, 2005. We have paid dividends on shares of our common stock since 1934. We cannot assure you that we will continue to pay dividends with respect to any future quarter or, if we pay dividends, the amount of the dividends. Certain of our debt agreements contain covenants and provisions that restrict the amount of dividends our subsidiaries may make, and certain of our other debt agreements contain financial covenants that require the maintenance of interest coverage and leverage ratios and minimum levels of net worth. Such covenants and restrictions may restrict the amount of dividends we may make under such agreements.



**Table of Contents****CAPITALIZATION**

The following table sets forth, as of September 30, 2005, our capitalization on an actual basis. You should read the following information in conjunction with our consolidated financial statements and related notes, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference into this prospectus from our first of two Current Reports on Form 8-K filed with the SEC on July 25, 2005 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

The number of shares of common stock outstanding excludes:

4,418,046 shares of common stock reserved for issuance for outstanding stock options under all of our stock plans as of September 30, 2005; and

the shares of common stock issuable upon conversion of the notes.

You should read this table in conjunction with our consolidated financial statements and the notes to those statements, which are incorporated by reference in this prospectus.

	<b>September 30, 2005</b>
	<b>(unaudited, in millions)</b>
<b>Debt:</b>	
Notes payable	\$ 0.0
<b>Long-term debt (including current maturities):</b>	
Revolving credit facility (\$175.0) due 2009	22.0
7.13% senior notes due 2005	6.2
7.66% senior notes due 2007	24.5
7.80% senior notes due 2010	45.5
9.34% senior notes due 2008	61.9
2.15% senior notes due 2006	20.3
Senior subordinated convertible notes due 2025	100.0
Other (industrial revenue bonds and capital leases)	7.6
<b>Total debt (long-term)</b>	<b>288.0</b>
<b>Total debt</b>	<b>288.0</b>
<b>Stockholders' equity:</b>	
Common Stock, par value \$0.01 per share, 60,000,000 shares authorized; 24,419,694 shares issued; 23,805,629 shares outstanding	\$ 0.2
Additional paid-in capital	104.4
Treasury stock of 614,065 shares, at cost	(20.7)
Retained earnings	326.5
Accumulated other non-owner changes to equity	(14.7)

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Total stockholders' equity	395.9
Total capitalization	\$ 683.8

Numbers may not add up due to rounding.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION**

The following selected historical consolidated financial information as of and for each of the five years ended December 31, 2000, 2001, 2002, 2003 and 2004 and as of and for each of the nine month periods-ended September 30, 2004 and 2005 has been derived from, and should be read together with, our consolidated financial statements, and the related notes, which are incorporated by reference in this prospectus.

In the opinion of management, all adjustments considered necessary for a fair disclosure of our interim results and financial position have been included in our interim results and financial position for the quarters-ended September 30, 2004 and 2005. Interim results are not necessarily indicative of the results that can be expected for a full fiscal year. The information should also be read together with Management's Discussion and Analysis of Financial Conditions and Results of Operations included in our first of two Current Reports on Form 8-K filed with the SEC on July 25, 2005 and in our Quarterly Report on Form 10-Q for the nine months ending September 30, 2005, which are incorporated by reference into this prospectus.

EBITDA is a measurement not in accordance with generally accepted accounting principles, or GAAP. We define EBITDA as net income plus income taxes, interest expense and depreciation and amortization. We do not intend EBITDA to represent cash flows from operations as defined by GAAP, and you should not consider it as an alternative to net income, net cash provided by operating activities or any other items calculated in accordance with GAAP, or as an indicator of our operating performance. Our definition of EBITDA may not be comparable with EBITDA as defined by other companies. We believe EBITDA is commonly used by financial analysts and others in the industries in which we operate and, thus, provides useful information to investors. Our non-GAAP measure of EBITDA excludes income taxes, depreciation and amortization, and interest expense which we incur in the normal course of business. Accordingly, our calculation has limitations depending on its use.

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of pre-tax income from continuing operations, before income or loss from equity investees, plus fixed charges, plus amortization of capitalized interest plus distributed income of equity investees, less interest capitalized. Fixed charges consists of interest on indebtedness, including amounts capitalized, amortization of debt financing costs and that portion of rental expense that we believe to be a reasonable estimate of the interest factor (deemed to be 33% of rental expense).

	Year Ended December 31,					Nine Months Ended September 30,	
	2000(1)	2001(1)	2002	2003	2004	2004 Q3	2005 Q3
<b>Statement of Income</b> (in millions except per share data)							
Net sales	\$ 740.0	\$ 768.8	\$ 784.0	\$ 890.8	\$ 994.7	\$ 743.1	\$ 825.8
Cost of sales	489.3	519.7	530.6	577.0	652.9	485.7	526.6
Selling and administrative expenses	188.4	209.0	209.1	262.0	284.2	208.5	231.6
Operating income	62.2	40.2	44.3	51.8	57.6	48.9	67.6
Other income	4.8	3.9	3.7	3.3	2.1	1.7	10.1
Interest expense	15.1	16.2	14.8	15.8	15.4	11.3	12.9
Other expenses	4.0	4.6	0.6	1.1	1.3	0.6	0.7
Income before income taxes	47.9	23.3	32.5	38.2	43.0	38.7	64.0
Income taxes	12.7	4.3	5.7	5.3	8.6	8.2	15.2
Net income	\$ 35.2	\$ 19.0	\$ 26.8	\$ 32.9	\$ 34.4	\$ 30.5	\$ 48.9

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### Per Common Share

Net income(2)							
Basic	\$ 1.90	\$ 1.03	\$ 1.43	\$ 1.53	\$ 1.49	\$ 1.32	\$ 2.08
Diluted	1.87	1.01	1.40	1.49	1.44	1.28	2.02
Dividends	0.79	0.80	0.80	0.80	0.80	0.60	0.62
<b>Average common shares outstanding (in millions)</b>							
Basic	18.6	18.5	18.8	21.5	23.1	23.1	23.5
Diluted	18.8	18.9	19.2	22.1	23.8	23.8	24.2

Numbers may not add up due to rounding.

- (1) For periods prior to January 1, 2002 (the effective date of Statement of Financial Accounting Standards No. 142, Goodwill and Intangible Assets), goodwill was amortized on a straight-line basis. As such, the 2001 and 2000 financial data includes \$3.4 million and \$2.9 million, respectively, of goodwill amortization expense, net of taxes.
- (2) Net income per common share is based on weighted average common shares outstanding during each period presented.

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	Year Ended December 31,					Nine Months Ended September 30,	
	2000(1)	2001(1)	2002	2003	2004	2004 Q3	2005 Q3
<b>Balance Sheet Data (in millions)</b>							
Cash and cash equivalents	\$ 23.3	\$ 48.9	\$ 28.4	\$ 49.8	\$ 36.3	\$ 33.7	\$ 31.5
Working capital	128.8	87.1	120.1	133.0	126.7	151.2	138.6
Property, plant and equipment, net	163.8						