BARNES GROUP INC
Form PRE 14A
March 10, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant **Filed by a Party other than the Registrant**
Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under § 240.14a-12

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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123 Main Street
Bristol, Connecticut 06010

March 20, 2017

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

You are invited to attend Barnes Group Inc. s 2017 Annual Meeting of Stockholders on Friday, May 5, 2017 at the DoubleTree By Hilton, 42 Century Drive, Bristol, CT 06010, at 11:00 a.m., Eastern Daylight Time. Proposals to be considered at the Annual Meeting include:

	Proposal	Board Vote Recommendation
1.	Election of 11 directors (page 2)	**FOR**
2.	Ratify the Company s Bylaw amendment allowing proxy access (page 12)	**FOR**
3.	Advisory vote to approve the Company s executive compensation (page 15)	**FOR**
4.	Advisory resolution regarding the frequency of holding an advisory vote on the Company s executive compensation (page 16)	**FOR Annual Frequency**
5.	Ratify the selection of PricewaterhouseCoopers LLP as the Company s independent auditor for 2017 (page 52)	**FOR**
	To conduct such other business that may properly come before the meeting	

Stockholders of record at the close of business on March 9, 2017 (Record Date) may vote at the meeting. Each share of our common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

The Board of Directors recommends a vote FOR Proposals 1, 2, 3 and 5 and FOR annual relative to Proposal 4.

Your vote is important. **Whether or not you plan to attend the meeting, we encourage you to vote as promptly as possible.** Stockholders of record on the Record Date are entitled to vote at the meeting or in the following ways:

Phone	In the U.S. or Canada, you can vote your shares by calling +1 (800) 690-6903	**Internet**	You can vote your shares using the internet at www.proxyvote.com. You will need the 12-digit control number on the Notice of Internet Availability or proxy card.
QR CODE	You can vote your shares by scanning the QR code. You will need the 12-digit control number on the Notice of Internet Availability or proxy card. Additional software may need to be downloaded.	**Mail**	You can vote by mail by marking, dating and signing your proxy card or voting instruction form and returning it in the postage-paid envelope.

Thomas O. Barnes
Chairman of the Board

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PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. Please read the entire proxy statement carefully before voting.

MEETING AGENDA AND VOTING RECOMMENDATIONS

	Proposal	Board Vote Recommendation
1.	Election of 11 directors (page 2)	FOR
2.	Ratify the Company s Bylaw amendment allowing proxy access (page 12)	FOR
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4.	Advisory resolution regarding the frequency of holding an advisory vote on the Company s executive compensation (page 16)	FOR Annual Frequency
5.	Ratify the selection of PricewaterhouseCoopers LLP as the Company s independent auditor for 2017 (page 52)	FOR

To conduct such other business that may properly come before the meeting

2017 DIRECTOR NOMINEES

Name and Principal Occupation	Age	Committee Memberships: Audit	CMDC	CG
Thomas O. Barnes Chairman of the Board, Barnes Group Inc.	68			
Elijah K. Barnes Principal, Avison Young	36			
Gary G. Benanav Former CEO, New York Life International, LLC and Former Vice Chairman and Director, New York Life Insurance Company	71			
Patrick J. Dempsey President and CEO, Barnes Group Inc.	52			
Thomas J. Hook President and CEO, Integer	54			
Mylle H. Mangum CEO, IBT Enterprises, LLC	68		Chair	
Hans-Peter Männer Managing Director of Proventus Verwaltungs-GmbH	54			
Hassell H. McClellan Former Associate Professor of Finance and Policy, Boston College s Wallace E. Carroll School of Management	71			Chair
William J. Morgan Former Partner, KPMG LLP	70	Chair		
Anthony V. Nicolosi Former Regional Risk Management Partner for the Americas, KPMG LLP	63			
JoAnna L. Sohovich CEO, The Chamberlain Group, Inc.	45			
Number of meetings held in 2016		**8**	**4**	**3**

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BOARD HIGHLIGHTS

Nominees for Director shall be selected on the basis of their qualifications, such as:

- Character, wisdom, judgment and integrity
- Experience in positions with a high degree of responsibility
- Prominence and accomplishments in areas relevant to the Company s business activities
- Understanding of the Company s business environment
- Strategy-development, experience in technology-laden industrial businesses and/or other relevant firms
- Commitment to maximize stockholder value
- The capacity and desire to represent the interests of the Company s stockholders as a whole
- The extent to which the interplay of the Nominee s skills, knowledge, expertise and diversity of background with that of the other Board members will help build a Board that is effective in collectively meeting the Company's strategic needs and serving the long-term interests of the Company or its stockholders
- Ability to devote sufficient time to the affairs of the Company

CEO Experience 6

Manufacturing Expertise 5

Financial Experience 6

Diversity 3

2016 Tenure Average 11 years

Historical Tenure Average

2013 15 yrs. 2014 13 yrs. 2015 14 yrs.

Board Engagement

Board and Committee attendance exceeded 98.8% for the last 8 years

	BOD	AC	CMDC	CG
Attendance (2009 to 2016)	98.8%	99%	98.8%	100%
# of Meetings	77	68	35	26

Key Accomplishments:

- Declared continuous dividends since 1934
- Adopted Lead Independent Director role

Adopted political contributions policy
Adopted proxy access
Set director age limits
Required majority voting in uncontested director elections
Declassified the Board

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GOVERNANCE HIGHLIGHTS

Board Practices

Annual evaluation processes for the Board and each of the standing committees
Directors may not stand for election after age 72
Regular consideration of rotation of committee chairs and members
Corporate Governance Guidelines require directors to attend director education programs and briefing sessions
A prohibition on directors simultaneously serving on more than three public company audit committees, including that of the Company
Restrictions on hedging and pledging Company stock by directors and executive officers

Lead Independent Director

Lead Independent Director with clearly established authority and responsibility over Board governance and operations
Selected by independent directors
Serves as a liaison between the Chairman of the Board and the independent directors

Other Best Practices

A policy that requires Corporate Governance Committee approval before an executive officer accepts outside board membership with for-profit entities
Bylaw amendment allowing proxy access
Stockholder engagement and outreach to allow for management and the Board to understand and consider issues that matter most to stockholders and enable the Company to address them effectively

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2016 EXECUTIVE COMPENSATION KEY ELEMENTS

The following summary of specific features of our executive compensation program highlights our commitment to executive compensation practices that align the interests of our executive officers and stockholders.

What We Do

EQUITY

Stock Options
Time-based vesting; 18, 30 and 42 months from the grant date in equal installments.

Restricted Stock Units
Time-based vesting; 18, 30 and 42 months from the grant date in equal installments.

Performance Share Awards
Performance-based vesting at the end of a 3-year cycle; based on two equally weighted measures: Total Shareholder Return (TSR) relative to the performance of the Russell 2000 Index companies; and Return On Invested Capital (ROIC) performance against an absolute internal goal as determined by the Compensation Committee.

CASH

Salary
Base salaries are reviewed annually and are typically increased at periodic intervals, often at the time of a change in position or assumption of new responsibilities.

Annual Incentive Compensation
Stockholder-approved program with payouts based on accomplishing targeted financial performance measures. Annual incentive targets for our NEOs range from 45% to 75% of base salary at target level performance. Actual payouts may range from zero to three times target based on performance compared to our three performance measures.

RETIREMENT
NEOs participate in qualified retirement programs generally available to the Company s US employees. NEOs also participate in a nonqualified retirement program that provides benefits on base salary earnings in excess of Internal Revenue Service (IRS) limits on qualified plans. Messrs. Dempsey and Stephens also participate in grandfathered nonqualified executive retirement programs that are closed to new entrants.

CHANGE IN CONTROL AND SEVERANCE
Severance payable and benefit continuation upon termination of employment in certain specified circumstances or upon a change in control. Severance ranges from a multiple of one times base salary plus pro rata bonus for certain non-change in control events, to two times base salary plus pro rata bonus and additional benefits for other change in control events.

LIMITED PERQUISITES
Financial planning and tax preparation services, annual physicals (for amounts not otherwise covered by health insurance) and executive life insurance (with tax gross-up benefit for grandfathered participants only).

What We Don t Do

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2016 NEO COMPENSATION SUMMARY

Name & Principal Position	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Comp.	Change in Pension Value & Nonqualified Deferred Comp. Earnings	All Other Comp.	Total
Patrick J. Dempsey President and CEO	$ 800,000	$ 0	$ 3,054,284	$ 532,073	$ 670,103	$ 902,828	$ 210,378	$ 6,169,666
Christopher J. Stephens, Jr. SVP, Finance and CFO	461,000	0	670,851	142,801	257,431	67,084	162,030	1,761,197
Scott A. Mayo SVP and President, Barnes Industrial	425,000	0	425,945	90,624	256,103	0	27,859	1,225,531
Michael A. Beck [1] SVP and President, Barnes Aerospace	325,000	55,000	950,214	195,986	85,007	0	62,075	1,673,282
James P. Berklas SVP, General Counsel and Secretary	370,000	0	288,630	61,789	185,954	0	27,891	934,264

1. Mr. Beck s salary represents a portion of his $390,000 base salary since he joined the Company effective March 2016.

2018 ANNUAL MEETING

Deadline for stockholder proposals to be included in the proxy statement for the 2018 Annual Meeting of Stockholders: November 23, 2017.

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PROXY STATEMENT FOR 2017
ANNUAL MEETING OF STOCKHOLDERS
MAY 5, 2017

We are sending this proxy statement and a proxy or voting instruction form in connection with Barnes Group Inc. s solicitation of proxies on behalf of its Board of Directors (Board), for our 2017 Annual Meeting of Stockholders (2017 Annual Meeting). Availability of this proxy statement and accompanying materials is scheduled to begin on or about March 20, 2017. Please submit your vote and proxy by telephone, the internet, or if you received your materials by mail, you can also complete, sign, date and return your proxy or voting instruction form.

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GOVERNANCE

The Company is committed to good corporate governance, which promotes the long-term interests of stockholders. Our Board and senior management devote considerable time and attention to corporate governance matters and we maintain a comprehensive set of policies and procedures to enable effective corporate governance. We regularly review best practices in corporate governance and modify our policies and procedures as warranted. We also solicit feedback from stockholders on governance and executive compensation practices.

You can access our governance materials on our website at *www.BGInc.com*; click on *Investor Relations* and then *Corporate Governance.* These documents will also be provided without charge to any stockholder upon written request to Legal Services, Barnes Group Inc., 123 Main Street, Bristol, Connecticut 06010.

Governance Materials

Certificate of Incorporation

Bylaws

Charters for our Audit, Compensation and Corporate Governance Committees

Code of Business Ethics and Conduct

Corporate Governance Guidelines

Corporate Social Responsibility Report

Political Activity Policy

Proposal 1 Election of Directors

Upon the recommendation of the Corporate Governance Committee, the Board has nominated Thomas O. Barnes, Elijah K. Barnes, Gary G. Benanav, Patrick J. Dempsey, Thomas J. Hook, Mylle H. Mangum, Hans-Peter Männer, Hassell H. McClellan, William J. Morgan and JoAnna L. Sohovich to be elected at the 2017 Annual Meeting for continuing membership to the Board. The Board also recommends Anthony V. Nicolosi for election to the Board as a first time nominee.

The Board has determined that except for Messrs. T. Barnes, Dempsey and Männer, each nominee is an independent director. If elected, each nominee will hold office until the 2018 annual meeting unless any of them earlier dies, resigns, retires or is removed, as provided in the Bylaws.

The eleven nominees are listed below with brief biographies. Each director has been associated with his or her present organization for at least the past five years unless otherwise noted. None of the organizations listed as business affiliates of the directors is a subsidiary or other affiliate of the Company unless otherwise noted.

If a nominee for director should become unavailable for any reason, it is intended that votes will be cast for a substitute nominee designated by the Board. The Board has no reason to believe the persons nominated will be unable to serve if elected.

The Board recommends a vote FOR all nominees.

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Board Of Directors

NOMINEES FOR ELECTION

THOMAS O. BARNES **Age**: 68 **Director since**: 1978 **Committees**: None

Mr. Barnes is Chairman of the Board and was a non-management employee of the Company through December 31, 2014. From 2007 until 2012 he served as a director of New England Bank Shares, Inc. He served as a director of Valley Bank from 2005 to 2007 when it was merged into New England Bank Shares, Inc. Mr. Barnes qualifications to be a member of our Board include his experience in the fields of manufacturing, finance and governance with numerous organizations throughout his career, including the Company s former distribution business. In addition, Mr. Barnes has owned and managed several businesses and has experience in the commercial lending field. He has served on the Board for over 35 years, has served as Chairman of our Board since 1995, and has served as chairman, trustee or director for over 20 non-profit organizations.

ELIJAH K. BARNES **Age**: 36 **Director since**: 2016 **Committees**: Audit

Mr. Barnes has over 13 years of experience in the areas of commercial real estate, lease negotiation and finance. He currently is Principal, Avison Young since 2014, where he is the co-head of the Agency Leasing Practice Group for the Washington D.C. office. From 2008 to 2014, he was Managing Director and Principal at Cassidy Turley. Prior to this, he was Vice President for the Leasing Management Group at Jones Lang LaSalle. Mr. Barnes qualifications to serve on our Board include his significant real estate experience that contributes to the Company s management of its extensive owned and leased real estate portfolio. In addition to his business and financial qualifications, Mr. Barnes membership on the Board continues a legacy of family oversight, sixth generation as Mr. T. Barnes son, that is uniquely devoted to the Company s long-term success and returning value to Company stockholders.

GARY G. BENANAV **Age**: 71 **Director since**: 1994 **Committees**: CMDC, CG

Mr. Benanav retired in March 2005 from New York Life International, LLC where he was the Chief Executive Officer from December 1997, and the Vice Chairman and a director of New York Life Insurance Company from November 1999. From January 2000 to May 2016, he served as a director of Express Scripts Holding Company (ESI), a full-service pharmacy benefit management company. Mr. Benanav s qualifications to be a member of our Board include having served as the executive officer of two U.S. corporations with assets in excess of $100 billion, extensive international business experience, extensive management responsibility for U.S. and international insurance and financial services companies, experience in dealing with regulators and legislators, extensive knowledge of finance and accounting matters including complex financial statement and accounting issues across various types of businesses, and practice as a business attorney for 15 years, including serving as a legal advisor to boards of directors for over five years. In addition, Mr. Benanav received a Presidential appointment as U.S. representative to APEC Business Advisory Council (2002 to 2005).

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PATRICK J. DEMPSEY **Age**: 52 **Director since**: 2013 **Committees**: None

Mr. Dempsey was appointed the President and Chief Executive Officer of the Company in March 2013. Prior to this appointment, since February, 2012, he served as the Company s Senior Vice President and Chief Operating Officer, and was responsible for oversight and direction of the Company s global business segments, as well as working closely on the development and execution of the Company s strategic plan. Mr. Dempsey joined the Company in October 2000 and has held a series of roles of increasing responsibility. He was appointed Vice President, Barnes Group Inc. and President, Barnes Aerospace in 2004, Vice President, Barnes Group Inc. and

President, Barnes Distribution in October 2007, and Vice President, Barnes Group Inc. and President, Logistics and Manufacturing Services in October 2008. He is currently a director of Nucor Corporation having been appointed in 2016. Mr. Dempsey s qualifications to be a member of our Board include his extensive knowledge of the Company s business operations and his depth of experience in the fields of business management, enterprise management systems, business development and international operations.

THOMAS J. HOOK **Age**: 54 **Director since**: 2016 **Committees**: Audit

Mr. Hook has been the President and Chief Executive Officer of Integer (formerly Greatbatch) since August 2006. Prior to this, he was Chief Operating Officer, a position to which he was appointed in September 2004. From August 2002 until September 2004, Mr. Hook was employed by CTI Molecular Imaging where he served as President, CTI Solutions Group. From March 2000 to July 2002, he was General Manager, Functional and Molecular Imaging for General Electric Medical Systems. From 1997 to 2000, Mr. Hook worked for the Van Owen Group Acquisition Company and prior to that, Duracell, Inc. He is Chairman of the Board of HealthNow New York, Inc., a leading health care company in Western New York that provides quality health care services to companies and individuals in that region, and serves on its executive committee. Mr. Hook s qualifications to be a member of our Board include his wealth of leadership experience, particularly in the high-tech manufacturing industry, together with his substantial knowledge of finance and accounting by virtue of his educational background and multiple executive management positions.

MYLLE H. MANGUM **Age**: 68 **Director since**: 2002 **Committees**: CMDC (Chair)

Ms. Mangum has served as Chief Executive Officer of IBT Enterprises, LLC, a leading provider of branch banking solutions, since October 2003. Prior to this, she served as the Chief Executive Officer of True Marketing Services, LLC since July 2002, focusing on consolidating marketing services companies. From 1999 to 2002, she was the Chief Executive Officer of MMS Incentives, Inc., a private equity company involved in developing and implementing marketing and loyalty programs in high-tech environments. She is currently a director of PRGX Global, Inc., Haverty Furniture Companies, Inc., and Express, Inc. She also served as a director of Collective Brands Inc., and its predecessor PaylessShoeSource, Inc., from 1997 to 2012,

Scientific-Atlanta, Inc. from 1993 to 2006, Respironics, Inc. from 2004 to 2008, Matria Healthcare, Inc. from 2006 to 2008, and Emageon Inc. from 2004 to 2009. Ms. Mangum s qualifications to be a member of our Board include her current service as a chief executive officer, and extensive business and management experience including, in addition to that mentioned above, serving as an executive with General Electric, BellSouth and Holiday Inn Worldwide. She has extensive knowledge of marketing, accounting and finance, as well as compliance and internal controls.

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HANS-PETER MÄNNER **Age**: 54 **Director since**: 2016 **Committees**: None

Hans-Peter Männer is the former Chief Executive Officer of Otto Männer GmbH, a leader in the development and manufacture of high precision molds, valve gate hot runner systems, and micro-injection molding systems which the Company acquired in 2013. Prior to joining Männer in 1990, Mr. Männer studied product engineering at the University of Applied Sciences, graduating as a civil engineer completing three years vocational training as a toolmaker. He has over 18 years experience as a board member for Volksbank Freiburg and over 10 years experience as a board member for WVIB Wirtschaftsverband, a trade association. Mr. Männer is currently the Managing Director of Proventus Verwaltungs-GmbH, a limited partnership managing properties and capital assets. He holds an Executive MBA from Steinbeis University, Berlin. The Board appointed Mr. Männer to the Board as a director in 2016. Mr. Männer s qualifications to be a member of our Board include his extensive experience in the plastic injection molding industry and industrial manufacturing, together with a background in finance and asset management. As such, Mr. Männer is well-qualified to help lead the strategic direction and investment decisions for the Company s evolving portfolio of differentiated technologies.

HASSELL H. MCCLELLAN **Age**: 71 **Director since**: 2010 **Committees**: Audit, CG (Chair)

Dr. McClellan retired in 2013 as an Associate Professor of Finance and Policy at Boston College s Wallace E. Carroll School of Management, where he served as the Associate Dean from 1996 to 2000. Dr. McClellan had been a member of the faculty of Boston College since 1984. He specializes in global competitiveness and strategic management for boards of directors and financial services, and has both an MBA and a Doctor of Business Administration degree. Dr. McClellan has served as trustee of the Virtus Variable Insurance Trust (formerly Phoenix Edge Series Fund) since 2008, as trustee of both the John Hancock Variable

Insurance Trust and John Hancock Funds II since 2005, as trustee of John Hancock Funds and John Hancock Funds III since 2012, and as trustee of Virtus Mutual Funds since January 1, 2015. Dr. McClellan s qualifications to be a member of our Board include his extensive experience and expertise in global competitiveness, strategic planning and finance. In addition to his academic achievements in these areas, he has served as a board member or trustee of more than ten non-profit and private organizations.

WILLIAM J. MORGAN **Age**: 70 **Director since**: 2006 **Committees**: Audit (Chair), CG

Mr. Morgan is a retired partner of the accounting firm KPMG LLP (KPMG) where he served clients in the industrial and consumer market practices. After his retirement in 2006, and until 2010, he was a consultant to KPMG s Leadership Development Group and Dean of

KPMG s Chairman s 25 Leadership Development Program. He is the Audit Committee financial expert of our Board. From 2004 until 2006, Mr. Morgan was the Chairman of KPMG s Audit Quality Council and, from 2002 until 2006, he was a member of its Independence Disciplinary Committee. He previously served as the Managing Partner of KPMG s Stamford, Connecticut office. Mr. Morgan is currently a director of PGT, Inc. and The J.G. Wentworth Company. He previously served as a member of the Boards of Directors for KPMG and KPMG Americas. In addition to his service with KPMG and on other boards of directors, Mr. Morgan s qualifications to be a member of our Board include his 39 year career and expertise in the accounting and auditing fields, as well as his extensive practice as a certified public accountant and experience working with global industrial companies relative to accounting, finance, auditing, controls, risk management, compliance and corporate governance.

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JOANNA L. SOHOVICH **Age**: 45 **Director since**: 2014 **Committees**: CMDC

Ms. Sohovich is the Chief Executive Officer of The Chamberlain Group, Inc. since February 2016. Prior to that she was the Global President, STANLEY Engineered Fastening at Stanley Black & Decker, Inc. where she led a global technology and manufactured goods business. Before being appointed to this position in 2015, she served as Global President, Industrial & Automotive Repair since 2012 and, prior to that, Industrial & Automotive Repair President - North America, Asia and Emerging Regions since 2011, both at Stanley Black & Decker, Inc. From 2002 to 2011, Ms. Sohovich served in several roles of increasing responsibility at Honeywell International, including President, Security & Communications from 2010 to 2011 emphasizing new product development and innovation, Vice President & General Manager, Commercial Building Controls from 2008 to 2010, leading growth initiatives across a broad commercial building controls portfolio, and Integration Leader from 2007 to 2008 resulting in Honeywell s successful acquisition and integration of Maxon Corporation. Ms. Sohovich served as Vice President, Six Sigma for Honeywell from 2004 to 2005. Her earlier experience includes Plant Management, Repair and Overhaul Shop Management, Quality Management and service as an officer in the United States Navy. Ms. Sohovich s qualifications to be a member of our Board include her extensive executive management and leadership experience, broad knowledge of industrial manufacturers, global mindset and direct experience in driving innovation and strategic growth initiatives.

FIRST TIME NOMINEE FOR ELECTION

ANTHONY V. NICOLOSI **Age**: 63 **Director Nominee** **Committees**: None

Mr. Nicolosi is a retired partner of the accounting firm KPMG LLP (KPMG) where he had an approximately 39 year career. Most recently, Mr. Nicolosi served in the Firm's National Office from 2008 to 2013 as the Regional Risk Management Partner for the Americas (one of three KPMG Global Regions), the National Partner in charge of Risk Management for the US Audit Practice and the Coordinator of the Firm-wide Enterprise Risk Management Process. He also served as a member of the Global Quality and Risk Management Steering Group; US Legal, Risk and Regulatory Committee; Audit Operations Leadership and others. From 1987 to 2008, Mr. Nicolosi held positions as Engagement Partner or SEC

Reviewing Partner for US and multinational clients in many industries, including diversified industrials and power generation. For certain years in this period, Mr. Nicolosi served in the National Office's Department of Professional Practice and held various leadership positions. Mr. Nicolosi also served for over 10 years as a panel member on KPMG's Audit Committee Institute roundtables and other related initiatives. Mr. Nicolosi's qualifications to be a member of our Board include his extensive practice as a certified public accountant and experience relative to accounting, auditing, internal controls, risk management, compliance and corporate governance acquired through serving notable multinational companies,

leadership
positions,
audit
committee
contributions
and more.

Director Independence

Board Independence. The Board has adopted categorical standards to guide it in determining director independence. Under these standards, which are part of our Corporate Governance Guidelines and listed below, an independent director must meet the independence requirements in the New York Stock Exchange (NYSE) listing standards, including the requirement that the Board must have affirmatively determined that the director has no material relationships with the Company, either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company.

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a. A director will not be independent if (i) the director is, or was within the preceding three years, employed by the Company; (ii) an immediate family member of the director is, or was within the preceding three years, employed by the Company as an executive officer (as such term is defined by the NYSE) other than on an interim basis; (iii) the director or any immediate family member has received from the Company, during any 12 consecutive months within the preceding three years, more than $120,000 in direct compensation from the Company, other than compensation received by an immediate family member of a director for service as a non-executive employee of the Company and director and committee fees and deferred compensation for prior service, provided, that such deferred compensation is not contingent on continued service; (iv) the director is employed by the Company s independent auditor; (v) an immediate family member of the director is employed by the Company s independent auditor (I) as a partner or (II) otherwise as an employee who personally works on the Company s audit; (III) the director or an immediate family member was within the last three years a partner or employee of the Company s independent auditor and personally worked on the Company s audit within that time; or (IV) a Company executive officer is, or was within the preceding three years, on the board of directors of a company which, at the same time, employed the Company director or an immediate family member of the director as an executive officer.

b. The following commercial and charitable relationships will not be considered material relationships that would impair a director s independence: (i) if a Company director is an employee, or an immediate family member is an executive officer, of another company that does business with the Company and, within any of the last three fiscal years, the annual sales to, or purchases from, the Company are less than 1% of the annual revenues of the other company; (ii) if a Company director is an employee, or an immediate family member is an executive officer, of another company that is indebted to the Company, or to which the Company is indebted, and the total amount of either company s indebtedness to the other is less than 1% of the total consolidated assets of the other company; and (iii) if a Company director serves as an officer, director or trustee of a charitable organization, and the Company s discretionary charitable contributions to the organization are less than 1% of such organization s total annual charitable receipts, provided, that the amount of the Company s contributions shall not include the matching of charitable contributions by Barnes Group Foundation, Inc. pursuant to the Matching Gifts Program.

c. For relationships not covered by b. above, the directors who are independent under the Corporate Governance Guidelines in a. and b. above will determine whether the relationship is material and, therefore, whether the director is independent. The Company will explain in the next proxy statement the basis of any Board determination that a relationship was immaterial despite the fact that it did not meet the categorical standards of immateriality in b. above.

The Board has determined that other than Messrs. T. Barnes, Dempsey and Männer, all of our director nominees are independent under the listing standards of the NYSE and the above categorical standards. Mr. T. Barnes is a former employee that was employed by the Company within the past three years; Mr. Dempsey is a current employee of the Company; and Mr. Männer is a former consultant that was retained by the Company within the last three years.

Committee Independence. All members of the Audit Committee, Compensation and Corporate Governance Committee are independent within the meaning of the NYSE listing standards and the above categorical standards, and all members of both the Audit Committee and the Compensation Committee meet the additional independence requirements of the NYSE listing standards that are applicable to members of such committees.

Board Leadership

The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management and a highly engaged and high-functioning Board. The Company s Corporate Governance Guidelines provide the Board with flexibility to select the appropriate leadership structure for the Company. In making leadership structure determinations, the Board considers many factors including the specific needs of the business and what is in the best interests of the Company s stockholders. Our Board has determined that if the Chairman is not an independent director, then there should be a Lead Independent Director elected by our independent directors. Currently, Mr. T. Barnes serves as Chairman of the Board and Mr. McClellan serves as Lead Independent Director.

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The Board believes that the current structure is appropriate for the Company and provides for effective independent Board leadership and engagement. Our Chairman, although deemed not to be independent, has never been our chief executive officer and his prior employment as a non-executive, full-time employee was complementary to his regular duties as Chairman. Nonetheless, because a strong, independent oversight function is a critical aspect of effective corporate governance, our Corporate Governance Guidelines require that the independent directors annually elect an independent director to serve as Lead Independent Director if the Chairman is not an independent director. This oversight function is enhanced by the fact that the Board s Audit, Compensation and Corporate Governance Committees are comprised entirely of independent directors. Further, the Company s non-management directors meet in regularly scheduled executive sessions, and the independent directors also periodically meet in executive sessions.

Board Role In Risk Oversight

While risk management is the responsibility of the Company s management team, the Board is responsible for oversight of the Company s risk management activities. The Audit Committee has been designated by the Board to take the lead in overseeing risk management at the Board level. By its charter, the Audit Committee is required to discuss policies and guidelines that govern the risk assessment and risk management process, including assigning responsibility with respect to particular risks to other committees of the Board, and that it meet periodically with management to review and assess the Company s major financial risk exposures and the manner in which they are being monitored and controlled. Accordingly, the Audit Committee reviews risk assessment and risk management, including in the areas of legal compliance, internal audit and financial controls, litigation, and environmental, health and safety. In doing so, the Audit Committee considers the nature of the material risks the Company faces and the adequacy of the Company s policies and procedures designed to respond to and mitigate these risks, and receives reports from management and other advisors, including periodic risk assessments by the Company s Internal Audit department.

Although the Board s primary risk oversight has been assigned to the Audit Committee, the full Board also periodically receives information about the Company s risk management and the most significant risks that the Company faces. This is accomplished through attendance at Audit Committee meetings by the other Board members when warranted and by addressing significant risks with the full Board at Board meetings or in executive sessions as appropriate.

Additionally, as described in Risk Oversight and Assessment Policies and Practices on page 34, the Compensation Committee oversees our compensation programs so that they are designed with the appropriate balance of risk and reward in relation to the Company s overall business strategy and are not reasonably likely to have a material adverse effect on the Company.

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Process For Selecting Directors; Stockholder Recommended Director Candidates

Nominees for Director shall be selected on the basis of their qualifications, such as:

Character, wisdom, judgment and integrity;

Experience in positions with a high degree of responsibility;

Prominence and accomplishments in areas relevant to the Company s business activities;

Understanding of the Company s business environment;

Strategy-development, experience in technology-laden industrial businesses, and/or other relevant firms;

Capacity and desire to represent the interests of the Company s stockholders as a whole;

Commitment to maximize stockholder value;

The extent to which the interplay of the nominee s skills, knowledge, expertise and diversity of background with that of the other Board members will help build a Board that is effective in collectively meeting the Company's strategic needs and serving the long-term interests of the Company and its stockholders; and

Ability to devote sufficient time to the affairs of the Company.

Under the Process and Procedure for Identifying Director Candidates adopted by the Corporate Governance Committee (Director Candidates Process), the Corporate Governance Committee considers how a candidate represents, in combination with the other directors, a diversity of viewpoints, backgrounds, experiences and other demographics.

The Corporate Governance Committee will, as stated in the Director Candidates Process, consider director candidates recommended by stockholders of the Company, directors, officers and third-party search firms. When utilizing a third-party search firm, the search firm is instructed to identify candidates based on criteria specified by the Corporate Governance Committee, perform initial screenings of the candidates resumes, and conduct initial interviews.

The Corporate Governance Committee evaluates stockholder-recommended candidates in the same manner as all other candidates. Any stockholder wishing to submit a recommendation should do so in writing addressed to:

Stockholder recommendations must comply with the information requirements of the notice provisions contained in the Company s Bylaws in order to be considered. Letters recommending a director candidate must include, among other things, the stockholder s name, address, and stock ownership information (if the stockholder is not the registered holder of shares, a written statement from the record holder of shares (e.g., a broker or bank) verifying the stockholder s beneficial ownership must be provided); the stockholder s opinion as to whether the recommended candidate meets the definition of independent under the Company s Corporate Governance Guidelines and is financially literate as contemplated by the NYSE rules; a description of all agreements, arrangements and understandings between the nominee and any other person regarding the nomination by such stockholder, and any direct or indirect interest of such stockholder in any contract with the Company, any affiliate of the Company or any principal competitor of the Company; and the other disclosure requirements set forth in Section 7 of Article II of the Bylaws. The recommendation letter must also include similar information regarding the director candidate and other information, if any, that would be required to be disclosed with regard to a nominee for director in the solicitation of proxies for election of directors under federal securities laws, and the stockholder must include a completed questionnaire, representation and agreement signed by the candidate (which are provided by the Secretary of the Company upon written request). Stockholder nominations must also comply with the deadlines for submitting director nominations set forth in the Company s Bylaws. A summary of these procedures is set forth below under the caption Stockholder Proposals for 2018 Annual Meeting on page 55.

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Communication With The Board

We have posted our Policy Regarding Reporting of Complaints and Concerns on our website. The policy provides that stockholders and other interested parties may communicate with the Board, a committee of the Board, the independent directors or with an individual director, by any of the following methods:

https://www.compliance-helpline.com/welcomepagebarnesgroup.jsp

Barnes Group Corporate Compliance Alertline
P.O. Box PMB 3667

All complaints and concerns reported by the above methods will be received by a third-party provider, who will forward each complaint or concern to the Office of the General Counsel which is responsible for relaying communications for the Board to them. The Audit Committee Chair receives regular summary reports of all complaints and concerns reported.

Board of Directors And Committees

DIRECTOR ATTENDANCE

Directors are expected to attend our annual meeting of stockholders and all Board meetings and meetings of the committees on which they serve. Our Board held six regular meetings and two special meetings during 2016. Overall attendance at Board and committee meetings during 2016 was 99% for our current directors. All directors attended the 2016 annual meeting.

BOARD SIZE AND ELECTION

Our Corporate Governance Guidelines also provide that the Board should generally have no fewer than six and no more than twelve directors. The Board currently has ten directors. Following the 2017 Annual Meeting, there are expected to be eleven directors. No director may stand for reelection at or after the annual meeting of stockholders following his or her 72nd birthday. Each director is also required to advise the Chairman of the Board of any change in his or her status, including a change in employment or service on other boards of directors, or retirement from his or her principal occupation or another board of directors. Mr. T. Barnes, Chairman of the Board, is designated to preside at executive sessions of non-management directors. Mr. McClellan, the Lead Independent Director, is designated to preside at executive sessions of the independent directors.

BOARD COMMITTEES

We have a standing Audit Committee, Compensation Committee and Corporate Governance Committee. The primary responsibilities for each of these committees are summarized below. The charter for each of these committees is available on the Company s website, *www.BGInc.com*.

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AUDIT COMMITTEE

The Audit Committee is responsible for overseeing accounting policies and practices, financial reporting and the internal controls structure. The Audit Committee also has responsibility for overseeing legal and regulatory compliance and our independent auditor s qualifications, performance and independence, and for risk oversight of the Company generally. The Board has determined that Mr. Morgan, who qualifies as an independent director under the NYSE listing standards and the Company s Corporate Governance Guidelines, is an audit committee financial expert as defined by the Securities and Exchange Commission (SEC). For additional information about the Audit Committee s oversight of the risks faced by the Company, see Board Role in Risk Oversight on page 8 and the Audit Committee Report on page 51.

Meetings in 2016: 8

Committee Members:

William J. Morgan, Chair
Elijah K. Barnes
Thomas J. Hook
Hassell H. McClellan

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE

The Compensation Committee acts on behalf of the Board to establish the compensation of executive and other key officers and provides oversight of the Company s compensation philosophy and of compensation policies and practices as they relate to risk management. The Compensation Committee also acts as the oversight committee with respect to the Performance-Linked Bonus Plan, the 2014 Barnes Group Inc. Stock and Incentive Award Plan (the Stock and Incentive Award Plan), and other arrangements covering executive officers and other senior management. The Compensation Committee s processes for establishing and overseeing executive compensation can be found in the Compensation Discussion and Analysis section below. In overseeing those plans and programs, the Compensation Committee may delegate authority for day-to-day administration and interpretation of the plans, including selection of participants, determination of award levels within plan parameters, and approval of award documents, to officers of the Company or the Company s Benefits Committee. However, the Compensation Committee may not delegate any authority under those plans for matters affecting the compensation and benefits of the executive officers.

The Compensation Committee also oversees succession planning programs, including plans for the Chief Executive Officer and key officers, and reports to the Board at least annually regarding the strengths and weaknesses of the Company s processes for management development and succession planning. Compensation Committee agendas are established in consultation with the Compensation Committee Chair and its independent compensation consultant. The Compensation Committee has sole authority to retain outside advisors to assist in evaluating executive officer compensation, and approve the terms of engagement including the fees of such advisors. The Compensation Committee typically meets in executive session without management present during each meeting.

Meetings in 2016: 4

Committee Members:

Mylle H. Mangum, Chair
Gary G. Benanav
JoAnna L. Sohovich

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee makes recommendations concerning Board membership, functions and compensation and the Company s overall corporate governance policies and practices. The Corporate Governance Committee serves as the nominating committee for the Board. The process by which the Corporate Governance Committee considers nominees to the Board is described in Process for Selecting Directors; Stockholder Recommended Director Candidates on page 9. Additional responsibilities include board succession matters, the annual performance review of the Chairman of the Board, reviewing matters relating to potential director conflicts of interest, overseeing the Company s practices related to political activities, and administering the Company s related person transactions policy.

Meetings in 2016: 3

Committee Members:

Hassell H. McClellan, Chair
Gary G. Benanav
William J. Morgan

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Governance Update

Proposal 2 Ratify The Company s Bylaw Amendment Allowing Proxy Access

Effective July 28, 2016, the Board of Directors implemented a proxy access bylaw. Article I, Section 7(e) of the Company s Amended and Restated Bylaws (Bylaws) permits a stockholder, or a group of up to 20 stockholders, owning 3% or more of the Company s outstanding common stock continuously for at least three years, to nominate and include in the Company s proxy materials director nominees constituting up to 20% of the total number of directors then serving on the Board, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in Article 7 of the Company s Bylaws.

Proxy access increases stockholders opportunity to engage with and influence the Company. The Board was proactive in adopting proxy access for the benefit of stockholders and now seeks stockholder ratification of this proxy access bylaw amendment.

If our stockholders do not ratify the amendment, the Board will amend the Company s Bylaws to remove the proxy access provision.

DIRECTOR COMPENSATION IN 2016

The Corporate Governance Committee reviews and makes recommendations to the Board regarding the form and amount of compensation for non-employee directors. As part of its review, the Corporate Governance Committee periodically obtains competitive market data. The Company s director compensation program is designed to attract and retain highly qualified directors and to reward the time, effort, expertise and accountability required of active Board membership. In general, the Corporate Governance Committee and the Board believe that annual compensation for non-employee directors should consist of both a cash component, designed to compensate members for their service on the Board and its committees, and an equity component, designed to align the interests of directors and stockholders and, by vesting over time, to create an incentive for continued service on the Board.

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DIRECTOR COMPENSATION

The following table describes the components of our non-employee director compensation program for 2016:

Compensation Element	Description	
Cash Retainer	$87,500	
Annual Equity Retainer [1]	RSUs valued at approximately $87,500 that vest quarterly granted to Board members in February Accelerated vesting in the event of a change in control, service terminates as a result of death or disability, or retirement after attaining age 72 Dividend equivalents equal to the dividend per share are paid on each unvested RSU on each dividend payment date	
Annual Chair Retainer [1]	Chairman of the Board	$100,000
	Audit Committee	$17,500
	Compensation Committee	$15,000
	Corporate Governance Committee	$10,000
Other Fees	Eligible to earn a $1,500 fee for: Serving on or chairing ad hoc or special committees of the Board Participating in specific Board projects, such as attending meetings with the Company s senior management and interviewing prospective director or senior officer candidates	
Other Benefits	Business travel accident insurance Matching charitable gifts under the Barnes Group Foundation, Inc., the Company s charitable foundation Life insurance and accidental death and dismemberment insurance (only for directors who joined before January 1, 2012)	
New Director Award (one-time grant)	RSUs equal to a pro rata portion of the annual equity retainer vesting over the remainder of the service year Dividend equivalents equal to the dividend per share are paid on each unvested RSU on each dividend payment date	
Non-Management Director Stock Ownership Requirements	Ownership of five times the annual cash retainer Each of our non-management directors met this requirement as of January 1, 2016, with the exception of our newest directors, Thomas J. Hook and JoAnna L. Sohovich, who joined the Board in May 2016 and May 2014, respectively	

1. All annual retainers are paid quarterly.

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Deferred Compensation

Under the Non-Employee Director Deferred Stock Plan each non-employee director who joined the Board before December 15, 2005 was granted the right to receive 12,000 shares of Common Stock when his or her membership on the Board terminates or, if sooner, when a change in control occurs. The plan also provides for the payment of dividend equivalents equal to one dividend per share for each dividend payment date payable quarterly and in cash.

Under the Directors Deferred Compensation Plan each non-employee director may defer all or a portion of his or her Board retainer and meeting fees, and/or the dividend equivalents paid under this plan. Directors may elect to credit such deferred compensation to a cash account, a phantom stock account, or a combination of the two.

Non-Management Director Stock Ownership Requirements

As reflected above, under our stock ownership requirements, each of our non-management directors is required to accumulate an ownership position in Company Common Stock equal in value to five times the annual cash retainer. Two-thirds of the value of unvested RSUs and all of the shares payable under the Non-Employee Director Deferred Stock Plan count toward achieving ownership requirements. Directors are required to retain all net after-tax proceeds from Company equity grants until ownership levels are met. Once ownership levels are met, the requirement is converted to a fixed number of shares, subject to increases based on increases in the annual cash retainer.

Director Compensation Table

The following table sets forth the aggregate amounts of compensation information for the year ended December 31, 2016 for non-management directors.

Name of Director	Fees Earned or Paid in Cash	Stock Awards [1]	Changes in Pension Value and Nonqualified Deferred Compensation Earnings [2]	All Other Compensation [3]	Total
Thomas O. Barnes	$187,500	$83,316	$0	$88,206	$359,022
Elijah K. Barnes	61,657	64,892	0	0	126,549
Gary G. Benanav	90,995	83,316	6,823	317	181,451
William S. Bristow, Jr. [4]	30,578	83,316	0	402,480	113,894
Thomas J. Hook	58,657	64,892	0	0	123,549
Francis J. Kramer [5]	62,222	41,673	0	0	103,895
Mylle H. Mangum	102,500	83,316	0	317	186,133
Hans-Peter Männer	19,053	27,859	0	0	46,912
Hassell H. McClellan	94,032	83,316	0	317	177,665
William J. Morgan	105,000	83,316	0	317	188,633
JoAnna L. Sohovich	95,000	83,316	0	0	178,316

1. Stock Awards represent the aggregate grant date fair value of RSUs granted to directors under the Stock and Incentive Award Plan. The amounts differ from the annual retainer amount of $87,500 because the number of RSUs subject to the annual equity retainer is calculated using the average closing price of our Common Stock for the first 15 trading days of 2016. The amount for Messrs. E. Barnes, Hook and Männer reflect partial years based on their date of election or appointment.
2. Mr. Benanav participates in the Barnes Group Inc. Directors Deferred Compensation Plan. Interest is calculated each quarter, on the amount of deferred director fees and dividends, based upon the rate of interest for prime commercial loans on the first business day of each quarter. Any preferential amount would be determined by calculating the difference between the actual interest credited to Mr. Benanav and the interest that would have been earned using 120% of a ten-year Treasury bill rate. During 2016, there was $6,823 of preferential interest earned and the aggregate balance of this deferred compensation at December 31, 2016 was $1,741,751.

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3. The compensation represented by the amounts for 2016 set forth in the All Other Compensation column for the directors is detailed in the following table:

Name of Director	Taxes Paid on All Other Compensation [a]	Life Insurance Premium [b]	Other [c]	Total
Thomas O. Barnes	$29,178	$59,028	$0	$88,206
Elijah K. Barnes	0	0	0	0
Gary G. Benanav	0	0	317	317
William S. Bristow, Jr.			402,480 [d]	
Thomas J. Hook	0	0	0	0
Francis J. Kramer	0	0	0	0
Mylle H. Mangum	0	0	317	317
Hans-Peter Männer	0	0	0	0
Hassell H. McClellan	0	0	317	317
William J. Morgan	0	0	317	317
JoAnna L. Sohovich	0	0	0	0

a. Includes taxes paid pursuant to the terms of the SEELIP, under which the Company pays the policy premiums, and pays the income tax liability arising from its payment of the premiums and taxes. The SEELIP was closed to new participants effective April 1, 2011. The amount reflected is based on the maximum tax rates of the director s jurisdiction.

b. At December 31, 2016, the aggregate balance included $30,369 of life insurance premiums paid on behalf of Mr. T. Barnes under the SEELIP and $28,659 of income related to a split dollar life insurance policy. The compensation associated with the split dollar life insurance agreement was calculated by determining Mr. T. Barnes current share in the policy and multiplying that by an estimated term life insurance rate based upon certain factors such as the age of the insured and the amount of the policy.

c. Included in Other are life and accidental death and dismemberment insurance premiums paid by the Company for the benefit of Ms. Mangum and Messrs. Benanav, McClellan and Morgan.

d. Received under the Non-Employee Director Deferred Stock Plan (page 14)

4. Mr. Bristow did not stand for re-election to the Board at the 2016 Annual Meeting. In consideration of his 35 years of service, the Board did not reduce his annual stock award amount for partial year service.

5. Mr. Kramer resigned from the Board as of September 16, 2016. His stock award amount reflects the portion of the annual equity retainer earned through his resignation.

COMPENSATION DISCUSSION AND ANALYSIS

Proposal 3 Advisory Vote To Approve The Company s Executive Compensation

We seek our stockholders advisory (non-binding) vote to approve the compensation of our named executive officers as described in the Compensation Discussion and Analysis (CD&A) section, the executive compensation tables, and the accompanying narrative disclosure regarding named executive officer compensation. This advisory proposal, known as a say-on-pay vote, gives stockholders the opportunity to vote whether or not to approve the compensation of our named executive officers as described in this proxy statement.

We recognize our stockholders interest in the Company s executive compensation program. As such, we currently hold an annual say-on-pay vote. If our stockholders vote for annual say-on-pay in response to Proposal 4, below, our next say-on-pay vote will occur at our 2018 annual meeting.

The Company s executive compensation programs are designed to attract, engage and retain highly qualified executive officers. The Company has a strong pay-for-performance philosophy, so we closely align our named executive officers compensation with the Company s performance. We encourage stockholders to review the CD&A for a detailed description of our executive compensation programs. The Board recommends that stockholders vote FOR the following resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed in this proxy statement, including the Compensation Discussion and Analysis, the accompanying executive compensation tables and the related narrative discussion.

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This vote is advisory, which means that it is not binding on the Board or the Compensation Committee, nor will it affect any compensation paid or awarded to any named executive officer. However, the Board and the Compensation Committee will review and consider the voting results when evaluating our future executive compensation arrangements.

Proposal 4 Advisory Resolution Regarding The Frequency Of Holding An Advisory Vote On The Company s Executive Compensation

At least once every six years we are required to provide stockholders with a separate advisory (non-binding) stockholder vote on the frequency of our say-on-pay proposal. The last vote took place in 2011. Stockholders may indicate whether they would prefer a say-on-pay advisory vote every one, two or three years, or abstain from voting. Accordingly, stockholders are being asked to approve the following resolution:

RESOLVED, that the Company s hold a preferred annual stockholder vote to approve the compensation of the named executive officers.

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

In 2011, the Board of Directors recommended a triennial frequency (i.e., every three years) as the optimal frequency for the say-on-pay vote due to the cyclical nature of the Company s businesses. That year, 59.2% of stockholders voted in favor of an annual frequency. The Board responded to this advisory vote, implemented an annual say-on-pay vote frequency and recommends retaining the Company s annual frequency in light of the 2011 stockholder vote and current survey data.

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This Compensation Discussion and Analysis provides a detailed discussion of our executive compensation philosophy and programs, the compensation decisions that the Compensation Committee has made under those programs and the factors considered in making those decisions. We also provide details regarding the individual components of our executive compensation programs and explain how and why the Compensation Committee makes decisions to establish executive compensation at particular levels. Our named executive officers (NEOs) for 2016 were:

NEO	Title
Patrick J. Dempsey	President and Chief Executive Officer
Christopher J. Stephens, Jr.	Senior Vice President, Finance and Chief Financial Officer
Scott A. Mayo	Senior Vice President, Barnes Group Inc., and President, Barnes Industrial
Michael A. Beck	Senior Vice President, Barnes Group Inc., and President, Barnes Aerospace
James P. Berklas	Senior Vice President, General Counsel and Secretary

Executive Summary

The Company s annual compensation program closely links compensation to Company performance and results. In 2016, the Company achieved its financial performance targets, delivering improvements in sales, operating margin and earnings per share. We continued to transform the Company by increasing the amount of highly-engineered products and differentiated industrial technologies in our portfolio. This shift has been accelerated through strategic acquisitions, particularly as it relates to our Molding Solutions business.

In 2016, we acquired FOBOHA, which specializes in the development and manufacture of complex plastic injection molds for packaging, medical, consumer and automotive applications. The acquisition of FOBOHA complements the Company s Molding Solutions business by further expanding penetration into the complex plastic molding systems market.

The Company s performance reflects organizational alignment behind three strategic enablers the deployment of the Barnes Enterprise System, accelerating Innovation and building a robust Talent Management System. Each enabler is instrumental in helping us to further strengthen our competitive advantage in the market, driving our long-term growth and success and supporting the continued transformation of the Company. They promote operational excellence and create value for all of our key stakeholders our employees, customers, stockholders and the community.

The Company s executive compensation programs for 2016 remained relatively unchanged from 2015, with the exception of a change in the number of performance measures applicable to the Performance Share Award (PSA) program. Beginning in 2016, for the 2016-2018 three-year measurement period, the Company eliminated EBITDA Growth relative to the performance of the Russell 2000 Index companies as a performance measure, and reduced the number of performance measures from three to two, maintaining Total Shareholder Return (TSR) relative to the performance of the Russell 2000 Index companies and Return On Invested Capital (ROIC) performance against an absolute internal goal as determined by the Compensation Committee.

For our 2016 annual compensation program, we continued to use Company-wide consolidated Revenue (Revenue), diluted Earnings Per Share (EPS) and Days Working Capital (DWC). These three corporate measures applied to Messrs. Dempsey, Stephens and Berklas. Messrs. Mayo and Beck were measured 40% on these corporate measures and 60% on the performance of the Industrial segment and Aerospace segment, respectively. Overall, this combination of performance measures is designed to emphasize profitability and productivity, and drive revenue growth.

Results under our 2016 annual compensation program are determined first according to Generally Accepted Accounting Principles (GAAP) but then may be adjusted to include or exclude certain unusual, non-recurring, or other adjustments in accordance with Section 162(m) of the Internal Revenue Code and as provided under our stockholder approved Performance-Linked Bonus Plan (PLBP). The Compensation Committee also retains negative discretion in accordance with Section 162(m) of the Internal Revenue Code to further reduce, but not increase, actual awards paid to NEOs under the PLBP. The adjusted financial performance results certified by the Compensation Committee under the PLBP are non-GAAP financial measures.

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For Messrs. Dempsey, Stephens and Berklas, we calculated annual incentive compensation using the following corporate measures and weighting (resulting in a payout of 112% of target):

Corporate Performance Measures	Weighting (%)	As Certified 2016 Results*	Comparison to Target
Diluted EPS	60	$2.54	$0.07 above target
Revenue (in millions)	20	$1,231	$14 below target
Days Working Capital (DWC)	20	125	2 days above (worse than) target

For Mr. Mayo, we calculated annual incentive compensation using the above corporate measures and weighting, and the following measures and weighting for the Industrial segment (resulting in a payout of 126% of target):

Industrial Performance Measures	Weighting (%)	As Certified 2016 Results*	Comparison to Target
Operating Profit (in millions)	60	$136.9	$3 above target
Revenue (in millions)	20	$824	$1 below target
Days Working Capital (DWC)	20	110	1 day below (better than) target

For Mr. Beck, we calculated annual incentive compensation using the above corporate measures and weighting, and the following measures and weighting for the Aerospace segment (resulting in a payout of 12% of target):

Aerospace Performance Measures	Weighting (%)	As Certified 2016 Results*	Comparison to Target
Operating Profit (in millions)	60	$32.9	$15 below target
Revenue (in millions)	20	$363	$16 below target
Days Working Capital (DWC)	20	138	5 days above (worse than) target

* Detailed descriptions of the measures and process used to determine adjustments can be found below in the Annual Cash Incentive Awards section on page 24.

Long-term incentive awards are the largest component of our NEOs annual compensation opportunity. The program consists of performance share awards (PSAs) that are earned based on key performance criteria; restricted stock units (RSUs); and stock options. Our NEOs 2016 measures and weightings are shown below:

Our CEO s 2016 long-term incentive award weightings were modified to 57% PSAs, 17% Stock Options and 26% RSUs to emphasize his leadership in executing the long-term strategy and continued transformation of the Company.

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The PSA component of our long-term incentive program for 2016 measures the Company s relative performance over a three-year period against the performance of Russell 2000 Index companies for TSR and three-year ROIC performance against an absolute internal goal. The grants made in 2016 cover the 2016 to 2018 performance period. Payouts, if any, under the 2016 grants will be made in 2019.

In 2016, the 2013 PSA grant paid out at 145% of target, based on the following certified performance results for performance criteria in place at the time:

Performance Measure	3 Year Growth	Relative Performance Level
TSR	72%	68%
EBITDA Growth (in millions)	36%	60%
Basic EPS Growth	30%	64%

Say On Pay Vote

The Compensation Committee believes that our executive compensation programs are consistent with our pay-for-performance philosophy. Each year, we evaluate our programs in light of market conditions, stockholder views (including the results of our annual say-on-pay resolution), and governance considerations, and make changes deemed appropriate for our business. Our Board of Directors has recommended that the Company maintain an annual frequency for the say-on-pay vote. At the 2016 annual stockholders meeting, we had strong support from our stockholders with respect to the compensation of our NEOs, with over 98% of the votes cast in favor of our say-on-pay resolution. We continue to evaluate our compensation programs by taking into account the voting results, other investor feedback through our annual outreach efforts and other factors used in assessing our executive compensation programs as discussed in this CD&A.

We continued outreach to our institutional stockholders in 2016. In an effort to engage our top stockholders and solicit their views on governance and executive compensation matters, we made a total of 45 solicitations for feedback from institutional stockholders, of which 4 stockholders accepted our offer to meet. During those meetings, we highlighted key governance practices and aspects of our current executive compensation program. Stockholders shared their perspectives, primarily consisting of viewpoints on various governance matters that were in general alignment with Company policy and practices as follows:

What We Do

We pay-for-performance - over 80% of CEO total direct compensation at target (and on average over 60% for other NEOs) is at risk in the form of annual and long-term incentives

We consider a relevant peer group in establishing compensation

We review the complete compensation package of every NEO annually

We have robust stock ownership requirements - 5x base salary for CEO and 3x for other NEOs

We have a clawback policy incorporated into our incentive compensation plans

We have double trigger equity vesting in the event of a change in control for all NEO awards

We have an independent compensation consultant that works directly with the Compensation Committee

What We Don t Do

We don t provide any 280G gross-ups for a golden parachute payment

We don t have excessive perquisites

We don t have individual employment agreements with any executive officer

We don t allow re-pricing of underwater stock options without stockholder approval

We don t have a minimum payout of annual incentive or long term incentive compensation

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Executive Compensation Philosophy

We believe that executive compensation should support and reinforce the company s pay-for-performance philosophy. Consequently, our NEO compensation is closely aligned with the Company s performance on both a short- and long-term basis. We tie a significant portion of the compensation opportunity for our NEOs directly to the Company s stock performance and other objectives that we believe affect stockholder value. As a result, if the Company s performance meets or exceeds pre-established performance targets, including achieving performance levels at or above the 50th percentile compared to Russell 2000 Index companies, and/or our stock price increases, the NEOs can realize significant compensation in the form of annual cash incentive payouts and long-term equity payouts. If the Company s performance does not meet pre-established performance targets, such as performance below the 50th percentile compared to Russell 2000 Index companies or other performance targets, and/or our stock price declines, the NEOs have significant downside financial risk.

The Company aims to provide our NEOs with total direct compensation targeted in a range around the median compared to a defined peer group of companies (Peer Group) on page 21. Individual executive compensation may be above or below the target range based on the individual s performance, experience, skill set and responsibilities. We also use proxy and survey data to inform the Compensation Committee about the external market value of our executive roles. We believe that targeting the median range for total direct compensation provides appropriate compensation levels that will attract high quality executives, provide the proper incentives to our NEOs to achieve our strategic objectives and retain our NEOs over the long term.

Total Direct Compensation In 2016

Total direct compensation includes the following three elements: annual base salary; annual cash incentive awards; and long-term incentive awards. The Compensation Committee can vary the performance measures from year to year as needed to reinforce strategic priorities. In addition, our NEOs are eligible for change in control and severance benefits; defined benefit or defined contribution program benefits; retirement and executive life insurance programs; and limited perquisites.

Performance-based compensation in the form of annual and long-term incentives constituted over 84% of 2016 total direct compensation at target for our CEO and, on average, over 62% of 2016 total direct compensation at target for our other NEOs. The actual mix of compensation for our CEO and other NEOs is shown below.

CEO Other NEOs

The Summary Compensation Table on page 35 provides details regarding actual compensation for each NEO.

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Executive Compensation General Objectives And Process

The primary objective of the Company s executive compensation program is to support our long-term strategic business goals of building lasting stockholder value and achieving sustainable profitable growth. To support these goals, our compensation programs for our NEOs are designed to:

- Provide appropriate incentives by linking and balancing significant short- and long-term compensation opportunities to Company performance and TSR;
- Reward NEOs who contribute meaningfully to achieving our strategic objectives;
- Require NEOs to hold a significant equity investment in our Company so that they manage the business from the perspective of stockholders;
- Align our compensation polices with stockholders long-term interests by assigning a significant portion of potential compensation to performance-based pay elements that depend on achieving the Company s goals, but that do not encourage excessive risk-taking;
- Attract, retain and engage highly qualified individuals by offering competitive, balanced compensation arrangements based upon clear goals that vest on continued employment; and
- Maximize the tax effectiveness of the total compensation and benefits package, and minimize potentially adverse tax and accounting consequences, in each case to the extent practicable.

The Compensation Committee is responsible for determining the types and amounts of compensation paid to our NEOs. The Compensation Committee uses several tools to make these determinations, including external consultants and peer group analysis.

External Consultants

Consistent with prior years, management outsourced certain executive compensation analysis services to Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc. As part of these services in 2016, Mercer compiled annual competitive compensation data and reviewed the Company s compensation practices in terms of competitiveness, appropriateness and alignment with our performance, as well as the mix of pay.

The Compensation Committee directly retains a consulting firm, Meridian Compensation Partners, LLC (Meridian), to assist in its oversight of the executive compensation program, which includes reviewing and assessing information provided by management, including the analysis furnished by Mercer. The fees for Meridian are negotiated directly by the Compensation Committee and paid by the Company at the Compensation Committee s request. Meridian did not provide any services to the Company in 2016 other than advice on executive compensation.

Meridian regularly participates in Compensation Committee meetings, both with and without Company management, and advises the Compensation Committee on compensation trends and best practices, plan design, pay and performance alignment and the process used to determine the reasonableness of individual compensation awards. The Compensation Committee believes that using an independent consultant helps ensure that the Company s executive compensation program is reasonable and consistent with Company goals and evolving governance considerations. In addition, the Compensation Committee from time to time directly retains its own outside legal counsel.

Before retaining a compensation consultant or any other external advisor, the Compensation Committee evaluates the independence of such advisors. In 2016, the Compensation Committee assessed Meridian s independence, taking into account SEC Rule 10C-1(b)(4) and the corresponding NYSE independence factors regarding compensation advisor independence. Based on this assessment, the Compensation Committee believes that there is no conflict of interest and that its advisors are able to independently advise the Compensation Committee.

Peer Group Analysis

A primary data source used in setting NEO compensation is the information publicly disclosed by our Peer Group. The Peer Group is reviewed periodically and updated as appropriate to take into account changes in the size, scope, financial performance, ownership structure and business focus of the Company and the peer institutions.

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The 2016 Peer Group remains as it was established in 2013 with the assistance of our former compensation consultant, Frederic W. Cook & Company, Inc. (Cook), following the divestiture of certain distribution related businesses. In developing this Peer Group, Cook considered companies: with revenue ranging from about one-half to two times the Company s revenue; that operated in one of the same industries as the Company; and that used the same distribution channels as the Company. Companies with a significant concentration of ownership by one party were removed from consideration. In addition to the factors described above, Cook reviewed the following additional criteria to evaluate potential peer companies:

- Primarily focused on manufacturing
- Multiple lines of business
- Involved with specialty products
- Similar customer base
- Derives at least 25% of its revenue from outside the United States
- Included in the Peer Group assigned to the Company by at least one of the major proxy advisory firms
- Includes the Company in its peer group

Based on this review, the Compensation Committee approved a new Peer Group in October 2013 which has not changed and was used in evaluating 2016 NEO compensation. When establishing the Peer Group, the Compensation Committee reviewed the rankings of the Company compared to the Peer Group in a variety of categories, including Revenue Growth, EBITDA Growth, Net Income Growth, Basic EPS Growth, Return on Average Invested Capital and TSR.

Our 2016 Peer Group includes the following 24 companies, all of which were part of our 2015 Peer Group:

Actuant Corporation	Curtiss-Wright Corporation	IDEX Corporation
Altra Holdings Inc.	Donaldson Company, Inc.	Kennametal Inc.
B/E Aerospace, Inc.	Enpro Industries Inc.	Nordson Corporation
Chart Industries	Esco Technologies	Standex International Corp.
Circor International, Inc.	Esterline Technologies Corporation	TriMas Corporation
Clarcor, Inc.	Franklin Electric Company	Valmont Industries Inc.
Columbus McKinnon Corporation	Graco Inc.	Watts Water Technologies, Inc.
Crane Company	Hexcel Corp.	Woodward, Inc.

In 2017, we plan to undertake a complete review of the Peer Group given the ongoing transformation of our business portfolio.

For executive positions where public proxy data from our peers is not available, survey data representing similarly sized companies in manufacturing is used for benchmarking purposes. In addition, in connection with our annual compensation review process, in July 2016 the Compensation Committee reviewed tally sheets for each NEO that provided total compensation information, including direct compensation and benefits, as well as possible payments under various termination scenarios.

The Role of Executive Officers

Our President and Chief Executive Officer provides the Compensation Committee with a performance assessment for each of the other NEOs. In 2016, Mr. Dempsey provided the Compensation Committee with his assessments of NEO performance and recommendations on salary changes and annual equity grants. The Compensation Committee uses these assessments, along with other information, to determine NEO compensation. Messrs. Dempsey and Berklas, Senior Vice President, General Counsel and Secretary, as well as Ms. Dawn N. Edwards, Senior Vice President, Human Resources, regularly attend Compensation Committee meetings at the request of the Compensation Committee, but they are not present for any discussion of their own compensation. In addition, Mr. Stephens, Senior Vice President, Finance, and Chief Financial Officer, provides financial information used by the Compensation Committee to make decisions regarding incentive compensation targets and related payouts.

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Components Of Our Executive Compensation Program

For 2016, compensation for our NEOs included:

- Base salary;
- Annual cash incentive awards;
- Long-term incentive awards;
- Change in control and severance benefits;
- Defined benefit or defined contribution retirement benefits and executive life insurance programs; and
- Limited perquisites.

Base salary, annual cash incentive awards and long-term incentive awards are taken into account to set the target total direct compensation opportunity for each NEO. Based on competitive compensation data compiled by Mercer and presented to the Compensation Committee in December, 2016 target total direct compensation for Messrs. Dempsey, Stephens, Mayo, Beck and Berklas approximates the market median compared to our Peer Group. In setting the target total direct compensation for our NEOs, the Compensation Committee may make decisions that vary from the Peer Group or competitive compensation survey data based on NEO experience, performance, retention considerations, range of responsibilities and the nature and complexity of each NEO s role.

Base Salary

Base salaries for executive officers are determined by the Compensation Committee and reviewed annually. They are typically increased at periodic intervals, often at the time of a change in position or assumption of new responsibilities. Base salary increases usually take effect on or around April 1st of each year, but may be made at other times if the Compensation Committee deems it appropriate based on internal and external considerations.

In determining whether to award merit-based salary increases to our NEOs, the Compensation Committee considered a number of factors, including:

- Peer Group data and external market information;
- Individual performance;
- The level of responsibility assumed and the nature and complexity of each NEO s role (including the number of years in the position, any recent promotion or change in responsibility or impact as a member of management, and the amount, timing and percentage of the last base salary increase);
- The leadership demonstrated to create and promote a day-to-day working environment of unwavering integrity, compliance with applicable laws and the Company s ethics policies, and global responsibility; and
- The desire to retain NEOs capable of driving achievement of the Company s strategic objectives and the marketability and criticality of retention of NEOs.

In 2016, the Compensation Committee continued to focus on performance-based compensation and did not increase the base salary of any NEO.

NEO Base Salary Levels 2015 - 2016

Name of Executive	Base Salary Effective December 31, 2015	Base Salary Effective December 31, 2016	Change in Annual Base Salary ($)	Change in Annual Base Salary (%)
P. Dempsey	$800,000	$800,000	$0	0%
C. Stephens, Jr.	461,000	461,000	0	0%

S. Mayo	425,000	425,000	0	0%
M. Beck [1]	n/a	390,000	n/a	n/a
J. Berklas	370,000	370,000	0	0%

1. Mr. Beck joined the Company in 2016.

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Annual Cash Incentive Awards

We pay annual cash incentive awards to reward the performance of our NEOs. Except in circumstances of retirement, death, or disability, or certain instances of involuntary termination by the Company on or after November 1st of an award period, an NEO generally must be employed by us on the payment date to receive an annual cash incentive award. In 2016, all NEOs participated in the PLBP, except for Mr. Beck who participated in the Management Incentive Compensation Plan (MICP). Mr. Beck was not a PLBP participant in 2016 since he joined the Company after the February 2016 Compensation Committee meeting at which the Compensation Committee determined the participants in the PLBP for 2016.

We refer to the PLBP and MICP plans as our Annual Incentive Plans. The MICP is structured to pay annual cash incentive awards on the same terms and conditions as set forth in the PLBP. The difference between the two plans is that the PLBP may be structured to pay amounts that meet the qualified performance-based compensation exception under Section 162(m) of the Internal Revenue Code.

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

The chart below details the cash incentive award opportunities available to each NEO for 2016 under the PLBP or MICP expressed as a percentage of base salary. Where performance falls between the threshold, target or maximum performance levels, the cash incentive award opportunity is calculated using straight-line interpolation.

	% of Salary		
Name of Executive	**Threshold Level**	**Target Level**	**Maximum Level**
P. Dempsey	18.75%	75%	225%
C. Stephens, Jr.	12.5%	50%	150%
S. Mayo	12.5%	50%	150%
M. Beck	12.5%	50%	150%
J. Berklas	11.25%	45%	135%

The Compensation Committee generally establishes the target for each financial performance measure in December of each year based on review and approval of the Company s annual business plan and budget. These targets are reviewed again at the Compensation Committee s next meeting in February along with the Company s full year financial performance. The Compensation Committee may establish and approve revised targets to the extent the Company s annual business plan and budget are modified within the first 90 days of the year based on the full year performance. We use financial performance objectives under the PLBP and MICP because they are consistent with our focus on driving strong business performance and increasing long-term stockholder value.

For fiscal year 2016, the corporate performance measures for the PLBP and MICP continued to be Diluted EPS, Revenue and DWC. Diluted EPS is used because it is a principal driver of our stock price. Revenue is used to drive growth in the size of our business. DWC is used to enhance focus on driving cash flow from operating activities.

For fiscal year 2016, all NEOs were evaluated at least in part on corporate measures. We evaluated NEOs, other than Messrs. Mayo and Beck, based 100% on the corporate measures in recognition of the key role that each plays in the overall management of the Company and in recognition of the impact of overall corporate strategies on segment results. For Messrs. Mayo and Beck, 40% of the determination was based on corporate measures and 60% of the determination was based on measures tied to the performance of their respective business segments, reflecting their specific responsibilities for segment performance.

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The charts below set forth the PLBP and MICP performance measures and the weighting of each measure for the NEOs for 2016:

Corporate Measures **Segment Measures**

The definitions of the segment measures are included in the footnotes to the Segment Goal tables included below.

As noted previously, achievement of the financial performance measures under the PLBP and MICP is first determined according to GAAP, but then adjusted under the terms of the PLBP to include or exclude certain unusual or non-recurring or other adjustments in accordance with Section 162(m) of the Internal Revenue Code. The Compensation Committee also retains negative discretion in accordance with Section 162(m) of the Internal Revenue Code to further reduce, but not increase, actual awards paid to the NEOs under the PLBP. The adjusted financial performance results certified by the Compensation Committee under the PLBP and MICP are non-GAAP financial measures.

The charts below detail results certified by the Compensation Committee compared to the goals:

Corporate Goal	Threshold	Target	Maximum	As Certified 2016 Results	Comparison to Target as a %
Diluted EPS [1]	$2.39	$2.47	$2.84	$2.54	137.8%
Revenue (in millions) [2]	$1,200	$1,245	$1,332	$1,231	76.3%
Days Working Capital (DWC) [3]	127	123	120	125	68.7%

Industrial Segment Goal	Threshold	Target	Maximum	As Certified 2016 Results	Comparison to Target as a %
Operating Profit (in millions) [4]	$120.7	$134.1	$154.2	$136.9	128.1%
Revenue (in millions) [2]	$797	$825	$883	$824	97.9%
Days Working Capital (DWC) [3]	114	111	108	110	149.7%

Aerospace Segment Goal	Threshold	Target	Maximum	As Certified 2016 Results	Comparison to Target as a %
Operating Profit (in millions) [4]	$43.2	$48.0	$55.2	$32.9	0.0%
Revenue (in millions) [2]	$365	$379	$406	$363	0.0%
Days Working Capital (DWC) [3]	142	133	130	138	60.7%

1. As Certified 2016 Diluted EPS is based on reported diluted EPS, excluding the effects of acquisitions, certain tax benefits reflecting a change in accounting, and amounts related to a contract termination dispute and award, under the terms of the PLBP and MICP.
2. As Certified 2016 Revenue corporate performance measure is based on reported Revenue. As Certified 2016 Revenue for the business-segment specific portion of Messrs. Mayo and Beck s annual incentive compensation is based on reported revenue for the Industrial segment and the Aerospace segment (excluding Barnes Aerospace Revenue Sharing Programs), respectively.
3. As Certified 2016 DWC corporate performance measure is based on accounts receivables (what our customers owe) plus inventory (generally material, labor and overhead costs used to produce products we sell to customers) less accounts payables (generally what we owe our suppliers for products and services we purchase) based on a 5 point average, excluding the effects of acquisitions.
4. As Certified 2016 Operating Profit for the business segment specific portion of Messrs. Mayo and Beck s annual incentive compensation is based on operating profit for the Industrial and Aerospace segments, respectively, adjusted for the impact of acquisitions, under the terms of the PLBP and MICP. As Certified 2016 Operating Profit for the Aerospace segment excludes Barnes Aerospace Revenue Sharing Programs.

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The annual cash incentive awards are generally paid in February of the following calendar year, after the results are certified by the Compensation Committee. The following cash incentive awards were paid to NEOs for 2016 performance based on the results certified by the Compensation Committee:

Name of Executive	Annual Incentive Earned	Annual Incentive Earned as % of Base Salary in 2016
P. Dempsey	$670,103	84%
C. Stephens, Jr.	257,431	56%
S. Mayo	256,103	60%
M. Beck	85,007	22%
J. Berklas	185,954	50%

Long-Term Incentive Compensation

Long-term incentive award opportunities are potentially the largest component of total annual compensation and constituted over 84% of 2016 total direct compensation at target for our CEO and on average over 62% of 2016 total direct compensation at target for our NEOs. We believe that long-term performance is enhanced through the use of awards denominated in share value. These awards reward our NEOs for maximizing stockholder value over time, aligning the interests of our employees and management with those of our stockholders. When coupled with the ownership requirements described below, our long-term incentive awards encourage our NEOs to maintain a continuing stake in our long-term success and provide an effective way to tie a substantial percentage of total direct compensation to any increase or decrease in stockholder value.

In 2016, the Company used a combination of time-based equity awards and performance-based equity awards. Particular emphasis was placed on PSAs, which make up the largest portion (50%) of the value of equity awards at the time of grant. In determining the mix of equity grants, the Compensation Committee considered the pay-for-performance philosophy at the Company, aligning the NEOs interests with those of our stockholders, past practice, changes in business strategy, competitive practice (both generally and within the Peer Group), and the strategic impact of equity-based compensation (i.e., cost effectiveness, stockholder dilution, executive retention, a link to Company performance and total stockholder return).

The following types of long-term incentive awards are currently used under the terms of the 2014 Barnes Group Inc. Stock and Incentive Award Plan (the Stock and Incentive Award Plan):

Vehicle	Target Portion of Total Long-term Incentive Compensation	Vesting	Comments
PSAs	CEO: 57% Other NEOs: 50%	Performance-based vesting at the end of a 3-year cycle	Provides an opportunity to receive Common Stock if pre-defined performance measures are met over the 3-year performance period Settled in shares of Common Stock Accrued dividends are paid out in cash at the end of the 3-year cycle, adjusted for the number of shares actually earned For the 2016 grant, based on two equally-weighted performance measures - TSR relative to the performance of the Russell 2000 Index and ROIC performance based on absolute internal measures as determined by the Compensation Committee.
Stock Options	CEO: 17% Other NEOs: 20%	Time-based vesting; 18, 30, and 42 months from the grant date in equal installments	Provides the opportunity for compensation only if the Company s stock price increases from the grant date Grants are priced at the fair market value on the grant date
RSUs	CEO: 26% Other NEOs: 30%	Time-based vesting; 18, 30, and 42 months from the grant date in equal installments	Settled in shares of Common Stock Pays out dividend equivalents in cash during vesting periods

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Stock options and RSUs are subject to time-based vesting with staggered vesting dates to encourage NEO retention. In addition to the time-vesting requirements, stock options have value only if the Common Stock price at the time of exercise exceeds the fair market value as of the grant date. This directly correlates to our stockholders interests, and focuses executives on the long-term growth of the Company and stockholder value.

The 2016 award will measure three-year TSR against the performance of Russell 2000 Index companies and three-year ROIC performance against an absolute internal goal determined by the Compensation Committee. The two measures are weighted equally. Based on performance, following the end of the three-year cycle, a payout, if any, is in the form of shares of Common Stock. A payout may range from zero for performance below the threshold level, to 250% of target for exceptional performance at the maximum level or above.

The chart below illustrates potential payouts at various levels of performance for the 2016 PSAs:

2016 Performance Share Awards

	Performance Levels [1]				
3-Year Performance Measures	**Threshold**	**Target**	**Maximum**	**Maximum+**	**Maximum++**
Relative TSR (percentile vs. Russell 2000 Index)	33rd	50th	66th	75th	85th
Payout Level (as a % of Target)	33%	100%	150%	200%	250%