BARNES GROUP INC
Form 424B3
June 19, 2007
Table of Contents

PROSPECTUS SUPPLEMENT NO. 3	Filed Pursuant to Rule 424(b)(3)
(To Prospectus dated April 9, 2007)	Registration No. 333-141968

$100,000,000

3.375% Convertible Senior Subordinated Notes due 2027 and

shares of Common Stock issuable upon conversion thereof

The Notes and Common Stock

On March 12, 2007, we issued and sold $100,000,000 aggregate principal amount of our 3.375% Convertible Senior Subordinated Notes due 2027 in a private offering.

Interest on the notes is payable on March 15 and September 15 of each year, beginning September 15, 2007.

The notes mature on March 15, 2027 unless earlier converted, redeemed or repurchased.

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

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

Conversion Notes

Holders may convert the notes into shares of our common stock at a conversion rate of 34.8646 shares per $1,000 principal amount of notes, subject to adjustment, before the close of business on March 12, 2027 under the following circumstances:

1. during any fiscal quarter commencing after March 31, 2007, if the closing sale price of our common stock exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;

2. prior to September 15, 2026, during the five business day period after any five consecutive trading day period, or measurement period, in which the trading price per $1,000 principal amount of notes for each day of such measurement period was less than 98% of the product of the closing price of our common stock and the applicable conversion rate for the

notes;

3. if the notes have been called for redemption and the redemption has not yet occurred; or

4. upon the occurrence of certain corporate transactions.

Redemption and Repurchase of the Notes

Prior to March 20, 2014, the notes are not redeemable. On or after March 20, 2014, we may, at our option, redeem some or all of the notes for cash, at any time, upon at least 30 days notice at a price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of redemption.

Holders may require us to repurchase for cash all or a portion of the notes on March 15, 2014, March 15, 2017 and March 15, 2022 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including, the date of repurchase.

Ranking of the Notes

The notes are our direct, unsecured senior subordinated debt obligations and rank junior in right of payment with all of our existing and future senior indebtedness and equal in right of payment with any other present or future senior subordinated indebtedness, including our 3.75% Convertible Senior Subordinated Notes due 2025. The notes effectively rank junior in right of payment to the existing and future indebtedness and other liabilities of our subsidiaries, including trade payables.

Listing

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

Our common stock is traded on the New York Stock Exchange under the symbol B . On June 18, 2007, the last reported sale price of our common stock on the New York Stock Exchange was $33.89 per share.

This prospectus supplement, which supplements Barnes Group Inc. s prospectus dated April 9, 2007, relates to resales by selling security holders of $100,000,000 in aggregate principal amount of Barnes Group Inc. s 3.375% Convertible Senior Subordinated Notes Due 2027 and the shares of Barnes Group Inc. common stock issuable upon conversion of the notes. You should read this prospectus supplement in conjunction with the accompanying prospectus and the information incorporated by reference which is filed from time to time by Barnes Group Inc. with the Securities and Exchange Commission.

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

Investing in our securities involves risks. See Risk Factors beginning on page 13 of the accompanying prospectus and information incorporated by reference to filings made by Barnes Group Inc. with the Securities and Exchange Commission.

The date of this prospectus supplement is June 19, 2007.

Table of Contents

TABLE OF CONTENTS

IMPORTANT NOTICE TO READERS

This prospectus supplement, dated June 19, 2007, amends and supplements the accompanying prospectus dated April 9, 2007, which is a part of a registration statement (No. 333-141968) we filed with the Securities and Exchange Commission, or SEC, using an automatic shelf registration process. Under this automatic shelf registration process, the selling security holders may, from time to time, offer notes or shares of our common stock issued upon conversion of the notes owned by them. Each time the selling security holders offer notes or common stock under this prospectus, they are required to provide to potential investors a copy of the prospectus and a copy of any prospectus supplements. You should read both the prospectus and all prospectus supplements, together with the information incorporated by reference in the accompanying prospectus. See Where You Can Find More Information in the accompanying prospectus for more information.

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

Table of Contents

This prospectus supplement identifies one or more additional selling securities holders in accordance with the rules of the Securities and Exchange Commission. Except as amended by this prospectus supplement or by information incorporated by reference, you should refer to the accompanying prospectus for a description of the notes and our common stock and other information about us and our securities. We use certain terms in this prospectus supplement with the meaning given to them in the accompanying prospectus.

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

SELLING SECURITY HOLDERS

The information set forth in the following table hereby supercedes the table appearing under the heading Selling Security Holders in the accompanying prospectus and the information in the paragraph following the footnotes to the table supplements the Selling Security Holder section of the accompanying prospectus. The information regarding the selling security holders listed below was furnished to us by such selling security holders on or before June 18, 2007.

Name of Beneficial Owner (1)	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering: Number of Shares of Common Stock	Common Stock Beneficially Owned Upon Completion of the Offering: Percentage of Shares of Common Stock Outstanding(4)
Royal Bank of Canada	8,176,000	8.18%		285,052		
MacKay Shields LLC (5)	8,000,000	8.00%		278,916		
Vanguard Convertible Securities Fund, Inc. (6)	6,080,000	6.08%		211,976		
Vicis Capital Master Fund (7)	6,000,000	6.00%		209,187		
Citadel Equity Fund, Ltd. (8)	5,000,000	5.00%		174,323		
Calamos Market Neutral Income Fund Calamos Investment Trust (9)	4,000,000	4.00%		139,458		
Argent Classic Convertible Arbitrage Fund Ltd. (10)	3,580,000	3.58%		124,815		
KBC Financial Products USA Inc. (11)	3,500,000	3.50%		122,026		
Zazove Convertible Arbitrage Fund, L.P. (12)	3,500,000	3.50%		122,026		
Nuveen Preferred & Convertible Fund JQC (13)	3,340,000	3.34%		116,447		
D.E. Shaw Valence Portfolios, L.L.C. (14)	3,000,000	3.00%		104,593		

Table of Contents

Name of Beneficial Owner (1)	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering: Number of Shares of Common Stock	Common Stock Beneficially Owned Upon Completion of the Offering: Percentage of Shares of Common Stock Outstanding(4)
Virginia Retirement System (6)	2,815,000	2.82%		98,143		
Chrysler Corporation Master Retirement Trust (6)	2,745,000	2.75%		95,703		
Highbridge International LLC (15)	2,600,000	2.60%		90,647		
Nuveen Preferred & Convertible Income Fund JPC (13)	2,355,000	2.36%		82,106		
Zazove Hedged Convertible Fund, L.P. (12)	2,050,000	2.05%		71,472		
Polygon Global Opportunities Master Fund (16)	2,000,000	2.00%		69,729		
Mohican VCA Master Fund, Ltd. (17)	1,750,000	1.75%		61,013		
Peoples Benefit Life Insurance Company Teamsters (18)	1,500,000	1.50%		52,296		
San Diego County Employees Retirement Association (19)	1,500,000	1.50%		52,296		
BP Amoco PLC Master Trust (20)	1,213,000	1.21%		42,290		
Allstate Insurance Company (21)	1,000,000	1.00%	20,500	34,864	20,500	*
Institutional Benchmarks Series (Master Feeder) Ltd. (19)	900,000	*		31,378		
Boilermakers Blacksmith Pension Trust (13)	880,000	*		30,680		
Arkansas PERS (13)	805,000	*		28,066		
DBAG London (22)	730,000	*		25,451		
HFR CA Select Master Trust Fund (19)	700,000	*		24,405		
Argent Classic Convertible Arbitrage Fund L.P. (10)	640,000	*		22,313		
Delaware Public Employees Retirement System (6)	560,000	*		19,524		
TQA Master Fund Ltd. (23)	475,000	*		16,560		
FPL Group Employees Pension Plan (13)	430,000	*		14,991		
United Technologies Corporation Master Retirement Trust (20)	412,000	*		14,364		
Highbridge Convertible Arbitrage Master Fund LP (15)	400,000	*		13,945		
OCM Convertible Trust (6)	345,000	*		12,028		

Table of Contents

Name of Beneficial Owner (1)	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering Number of Shares of Common Stock	Percentage of Shares of Common Stock Outstanding(4)
Xavex Convertible Arbitrage 10 Fund (10)	340,000	*		11,853		
Louisiana CCRF (13)	300,000	*		10,459		
TQA Master Plus Fund Ltd. (23)	271,000	*		9,448		
Absolute Strategies Fund, Forum Funds Trust (24)	250,000	*		8,716		
US Bank FBO Essentia Health Systems (13)	200,000	*		6,972		
Zurich Institutional Benchmarks Master Fund Ltd. c/o TQA Investors, LLC (23)	180,000	*		6,275		
Hotel Union & Hotel Industry of Hawaii Pension Plan Master Trust (20)	167,000	*		5,822		
CASAM Argent Classic Convertible Arbitrage Fund (10)	160,000	*		5,578		
Delta Air Lines Master Trust CV (6)	159,000	*		5,543		
Elite Classic Convertible Arbitrage Ltd. (10)	150,000	*		5,229		
F.M. Kirby Foundation, Inc. (6)	150,000	*		5,229		
UnumProvident Corporation (6)	135,000	*		4,706		
Qwest Occupational Health Trust (6)	110,000	*		3,835		
Alabama Children s Hospital Foundation (13)	100,000	*		3,486		
Absolute Strategies Fund (20)	98,000	*		3,416		
International Truck & Engine Corporation Non-Contributory Retirement Plan Trust (6)	95,000	*		3,312		
OCM Global Convertible Securities Fund (6)	95,000	*		3,312		
Argent Classic Convertible Arbitrage Fund II, L.P. (10)	90,000	*		3,137		
Microsoft Capital Group, L.P. (6)	90,000	*		3,137		
LDG Limited (25)	74,000	*		2,579		
International Truck & Engine Corporation Retiree Health Benefit Trust (6)	60,000	*		2,091		
Viacom Inc. Pension Plan Master Trust (20)	60,000	*		2,091		

Table of Contents

Name of Beneficial Owner (1)	Principal Amount Of Notes Beneficially Owned and Offered	Percentage of Notes Outstanding	Shares of Common Stock Beneficially Owned Prior to the Offering(2)	Conversion Shares of Common Stock Offered(3)	Common Stock Beneficially Owned Upon Completion of the Offering: Number of Shares of Common Stock	Common Stock Beneficially Owned Upon Completion of the Offering: Percentage of Shares of Common Stock Outstanding(4)
International Truck & Engine Corporation Retirement Plan for Salaried Employees Trust (6)	45,000	*		1,568		
Argentum Multi-Strategy Fund Ltd. Classic (10)	40,000	*		1,394		
All other holders of notes or future transferees from such holders	13,600,000	13.60%	(26)	471,729	(26)	(26)
Total	$ 100,000,000	100.00%	(26)	3,486,460	20,500	(26)

* Less than 1%.

(1) Prior to any use of this prospectus in connection with an offering of notes or underlying common stock by any selling security holder not identified above, the registration statement of which this prospectus is a part will be supplemented by a prospectus supplement or report filed pursuant to the Exchange Act setting forth the identity and aggregate amount of notes and underlying common stock beneficially owned by the selling security holder intending to sell such notes or underlying common stock. Information about successors to named selling security holders who wish to sell securities under this prospectus will be set forth in prospectus supplements identifying such successors.

(2) Shares in this column do not include shares of common stock issuable upon conversion of the notes listed in the column to the right, or shares of common stock issuable upon conversion of the Company s 3.75% Convertible Senior Subordinated Notes due 2025 (the 3.75% notes). The 3.75% notes may become convertible into the Company s common stock under certain circumstances, as described under Description of Certain Indebtedness 3.75% Convertible Senior Subordinated Notes. The current conversion rate for the 3.75% notes is 47.5322 shares per $1,000 principal amount of the 3.75% notes, not including fractional shares. However, this conversion rate is subject to adjustments, and as a result, the number of shares of common stock issuable upon conversion of the 3.75% notes may increase or decrease in the future.

(3) Assumes conversion of all of the holder s notes at a conversion rate of 34.8646 shares of common stock per $1,000 principal amount of the notes, not including fractional shares for which we will pay cash as described under Description of Notes Conversion Procedures Payment upon Conversion. However, this conversion rate is subject to adjustments as described under Description of Notes Conversion Procedures. As a result, the number of shares of common stock issuable upon conversion of the notes may increase or decrease in the future.

(4) Calculated based on 52,843,245 shares of our common stock outstanding as of May 7, 2007.

(5) MacKay Shields LLC owns $5,235,000 aggregate principal amount of the Company s 3.75% notes. Edward Silverstein, a Managing Director of MacKay Shields LLC, has voting and investment control over the securities owned by MacKay Shields LLC.

(6) Oaktree Capital Management, L.P. (Oaktree), as investment manager, has voting and investment control over the securities held by OCM Convertible Trust, Delta Air Lines Master Trust CV, Delaware Public Employees Retirement System, Chrysler Corporation Master Retirement Trust, Vanguard Convertible Securities Fund, Inc., Microsoft Capital Group, L.P., Qwest Occupational Health Trust, International Truck & Engine Corporation Non-Contributory Retirement Plan Trust, International Truck & Engine Corporation Retiree Health Benefit Trust, International Truck & Engine Corporation Retirement Plan for Salaried Employees Trust, UnumProvident Corporation, F.M. Kirby Foundation, Inc., OCM Global Convertible Securities Fund and Virginia Retirement System (the Oaktree Clients). Lawrence Keele controls Oaktree and has voting and investment control over the securities held by the Oaktree Clients. Each of Oaktree, Lawrence Keele and all employees and members of Oaktree disclaim beneficial ownership of the securities held by the Oaktree Clients, except for their pecuniary interest therein.

(7) Shad Stastney, John Succo and Sky Lucas control Vicis Capital LLC, which has voting and investment control over the securities beneficially owned by Vicis Capital Master Fund. Shad Stastney, John Succo and Sky Lucas disclaim individual ownership of the securities listed in the above table.

(8) Citadel Limited Partnership (CLP) is the trading manager of Citadel Equity Fund, Ltd. and consequently has voting and investment control over the securities owned by Citadel Equity Fund, Ltd. Citadel Investment Group, L.L.C. (CIG) controls CLP. Kenneth C. Griffin controls CIG and thus has ultimate voting and investment control over the securities held by Citadel Equity Fund, Ltd. CLP, CIG and Mr. Griffin each disclaim beneficial ownership of the securities held by Citadel Equity Fund, Ltd.

Table of Contents

(9) Nick Calamos, CIO of Calamos Advisors LLC, has voting and investment control over the securities owned by Calamos Investment Trust.

(10) Nathanial Brown and Robert Richardson have shared voting and investment control over the securities beneficially owned by Argent Classic Convertible Arbitrage Fund Ltd., Argent Classic Convertible Arbitrage Fund L.P., Xavex Convertible Arbitrage 10 Fund, CASAM Argent Classic Convertible Arbitrage Fund, Argent Classic Convertible Arbitrage Fund II, L.P., Argentum Multi-Strategy Fund Ftd. Classic and Elite Classic Convertible Arbitrage Ltd.

(11) KBC Financial Products USA Inc. owns $3,651,000 aggregate principal amount of the Company s 3.75% notes. KBC Financial Products USA Inc. is a direct wholly-owned subsidiary of KBC Financial Holdings Inc., which in turn is a direct wholly-owned subsidiary of KBC Bank N.V., which in turn is a direct wholly-owned subsidiary of KBC Group N.V., a publicly traded entity. Keith Fordyce, Managing Director of KBC Financial Products USA Inc., has voting and investment control over the securities beneficially owned by KBC Financial Products USA Inc.

(12) Zazove Associates, LLC is the general partner of Zazove Convertible Arbitrage Fund, L.P. and Zazove Hedged Convertible Fund, L.P. Gene Pretti controls Zazove Associates, LLC and has voting and investment control over the securities held by Zazove Convertible Arbitrage Fund, L.P and Zazove Hedged Convertible Fund, L.P.

(13) Ann Houlihan has voting and investment control over the securities beneficially owned by Nuveen Preferred & Convertible Fund JQC, Nuveen Preferred & Convertible Income Fund JPC, Boilermakers Blacksmith Pension Trust, Arkansas PERS, FPL Group Employees Pension Plan, Louisiana CCRF, US Bank FBO Essentia Health Systems and Alabama Children s Hospital Foundation.

(14) D.E. Shaw & Co. L.P., as either managing member or investment adviser, has voting and investment control over the securities held by D.E. Shaw Valence Portfolios, L.L.C. Julius Gaudio, Eric Wepsic, and Anne Dinning, or their designees, exercise voting and investment control over the securities on D.E. Shaw & Co. L.P. s behalf.

(15) Highbridge Capital Management, LLC, as trading manager, has voting and investment control over the securities held by Highbridge International LLC and Highbridge Convertible Arbitrage Master Fund, L.P. Glenn Dubin and Henry Swieca control Highbridge Capital Management, LLC and have voting and investment control over the securities held by Highbridge International LLC and Highbridge Convertible Arbitrage Master Fund, L.P. Each of Highbridge Capital Management, LLC, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the securities held by Highbridge International LLC and Highbridge Convertible Arbitrage Master Fund, L.P.

(16) Polygon Investment Partner LLP and Polygon Investment Partners LP (the Investment Manager), Polygon Investments Ltd. (the Manager), Alexander E. Jackson, Reade E. Griffith and Patrick G. G. Dear share voting and investment control over the securities held by Polygon Global Opportunities Master Fund. The Investment Managers, the Manager, Alexander E. Jackson, Reade E. Griffith and Patrick G. G. Dear disclaim beneficial ownership of the securities held by Polygon Global Opportunities Master Fund.

(17) Eric Hage and Daniel Hage have shared voting and investment control over the securities owned by Mohican VCA Master Fund, Ltd.

(18) Tomas Kirvaitis has voting and investment control over the securities beneficially owned by Peoples Benefit Life Insurance Company Teamsters.

(19) Gene Pretti has voting and investment control over the securities beneficially owned by San Diego County Employees Retirement Association, HFR CA Select Master Trust Fund and Institutional Benchmarks Series (Master Feeder) Ltd.

(20) John Gottfurcht, George Douglas and Amy Jo Gottfurcht have shared voting and investment control over the securities owned by Absolute Strategies Fund, BP Amoco PLC Master Trust, Hotel Union & Hotel Industry of Hawaii Pension Plan Master Trust, United Technologies Corporation Master Retirement Trust and Viacom Inc. Pension Plan Master Trust.

(21) Allstate Insurance Company (AIC) owns $1,000,000 aggregate principal amount of the Company s 3.75% notes, $5,000,000 aggregate principal amount of the Company s 7.66% Senior Notes due 2007, and 13,600 shares of the Company s common stock. The Allstate Corporation (Allstate), which is a NYSE listed company, is the parent company of AIC, and has voting and investment control over the securities beneficially owned by AIC. AIC is the parent company of Allstate Life Insurance Company (ALIC), which owns $9,999,999 aggregate principal amount of the Company s 9.34% Senior Notes due 2008 and $12,500,000 aggregate principal amount of the Company s 7.66% Senior Notes due 2007. Agents Pension Plan is a qualified ERISA plan that is maintained for the benefit of certain agents of AIC, which owns 1,600 shares of the Company s common stock. Allstate Retirement Plan is a qualified ERISA plan that is maintained for the benefit of certain employees of AIC, which owns 5,300 shares of the Company s common stock. BNY Midwest Trust Company, as Trustee for Agents Pension Plan and Allstate Retirement Plan, has voting and investment control over the securities held by Agents Pension Plan and Allstate Retirement Plan, and Allstate and AIC each disclaim beneficial ownership of any securities held in such Trusts, although the Investment Committees for such plans consist of AIC officers.

(22) DBAG London owns $6,250,000 aggregate principal amount of the Company s 3.75% notes. Patrick Corrigan has voting and investment control over the securities beneficially owned by DBAG London.

(23) TQA Investors, LLC, and its principals, Robert Butman, John Idone, Paul Bucci, George Esser, Bartholomew Tesoriero, DJ Langis and Andrew Anderson, have voting and investment control over the securities beneficially owned by TQA Master Fund Ltd., TQA Master Plus Fund Ltd. and Zurich Institutional Benchmarks Master Fund Ltd. c/o TQA Investors, LLC.

(24) Eric Hage of Mohican Financial Management, as portfolio manager of Absolute Strategies Fund, Forum Funds Trust, has voting and investment control over the securities owned by Absolute Strategies Fund, Forum Funds Trust.

Table of Contents

(25) TQA Investors, LLC, and its portfolio managers, Paul Bucci, Darren Langis, Andrew Anderson and Steven Potamis, have voting and investment control over the securities beneficially owned by LDG Limited.

(26) Assumes that all other holders of notes or future transferees do not beneficially own any shares of our common stock other than the shares issuable upon conversion of the notes.

To the extent that any of the selling security holders identified above are broker-dealers, they are deemed to be, under interpretations of the SEC, underwriters within the meaning of the Securities Act. KBC Financial Products USA Inc. has advised us that it is a broker-dealer. Accordingly, it is an underwriter within the meaning of the Securities Act.

MacKay Shields LLC, Citadel Equity Fund, Ltd., Royal Bank of Canada, D.E. Shaw Valence Portfolios, L.L.C., DBAG London and Allstate Insurance Company have advised us that they are affiliates of a broker-dealer, and Oaktree Capital Management, L.P., which has voting and investment control over the securities held by OCM Convertible Trust, Delta Air Lines Master Trust - CV, Delaware Public Employees Retirement System, Chrysler Corporation Master Retirement Trust, Vanguard Convertible Securities Fund, Inc., Microsoft Capital Group, L.P., Qwest Occupational Health Trust, International Truck & Engine Corporation Non-Contributory Retirement Plan Trust, International Truck & Engine Corporation Retiree Health Benefit Trust, International Truck & Engine Corporation Retirement Plan for Salaried Employees Trust, UnumProvident Corporation, F.M. Kirby Foundation, Inc., OCM Global Convertible Securities Fund and Virginia Retirement System, has advised us that it is an affiliate of a broker-dealer. With respect to these selling security holders, we have been advised that they have acquired their notes and underlying common stock in the ordinary course of business and, at the time of the purchase of the notes and the underlying common stock, these selling security holders had no agreements or understandings, directly or indirectly, with any person to distribute the notes or underlying common stock. To the extent that we become aware that these entities did not acquire its notes or underlying common stock in the ordinary course of business or did have such an agreement or understanding, we will file either a post-effective amendment to the registration statement of which this prospectus is a part or, to the extent permitted by SEC rules, supplement this prospectus pursuant to a prospectus supplement or report filed pursuant to the Exchange Act to designate such affiliate as an underwriter within the meaning of the Securities Act.

INCORPORATION OF DOCUMENTS FILED WITH THE SEC

We incorporate by reference into this prospectus supplement and the accompanying prospectus our quarterly report on Form 10-Q for the quarter period ended March 31, 2007, which has been filed with the SEC.

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

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

The accompanying prospectus incorporates by reference documents that are not presented in this prospectus supplement or the accompanying prospectus or delivered with this prospectus supplement or the accompanying prospectus. You may request a copy of the prospectus or any information incorporated by reference, excluding exhibits, at no cost, by writing or telephoning us at the following address: Barnes Group Inc., 123 Main St., Bristol, CT 06010-0489, Attention: General Counsel (telephone 860-583-7070) or you may locate the material on our website http://www.barnesgroupinc.com.

Table of Contents

$100,000,000

3.375% Convertible Senior Subordinated Notes due 2027 and

shares of Common Stock issuable upon conversion thereof

The Notes and Common Stock

On March 12, 2007, we issued and sold $100,000,000 aggregate principal amount of our 3.375% Convertible Senior Subordinated Notes due 2027 in a private offering.

Interest on the notes is payable on March 15 and September 15 of each year, beginning September 15, 2007.

The notes mature on March 15, 2027 unless earlier converted, redeemed or repurchased.

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

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

Conversion Notes

Holders may convert the notes into shares of our common stock at a conversion rate of 34.8646 shares per $1,000 principal amount of notes, subject to adjustment, before the close of business on March 12, 2027 under the following circumstances:

1. during any fiscal quarter commencing after March 31, 2007, if the closing sale price of our common stock exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;

2. prior to September 15, 2026, during the five business day period after any five consecutive trading day period, or measurement period, in which the trading price per $1,000 principal amount of notes for each day of such measurement period was less than 98% of the product of the closing price of our common stock and the applicable conversion rate for the notes;

3. if the notes have been called for redemption and the redemption has not yet occurred; or

4. upon the occurrence of certain corporate transactions.

Redemption and Repurchase of the Notes

Prior to March 20, 2014, the notes are not redeemable. On or after March 20, 2014, we may, at our option, redeem some or all of the notes for cash, at any time, upon at least 30 days notice at a price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of redemption.

Holders may require us to repurchase for cash all or a portion of the notes on March 15, 2014, March 15, 2017 and March 15, 2022 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including, the date of repurchase.

Ranking of the Notes

The notes are our direct, unsecured senior subordinated debt obligations and rank junior in right of payment with all of our existing and future senior indebtedness and equal in right of payment with any other present or future senior subordinated indebtedness, including our 3.75% Convertible Senior Subordinated Notes due 2025. The notes effectively rank junior in right of payment to the existing and future indebtedness and other liabilities of our subsidiaries, including trade payables.

Listing

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

Our common stock is traded on the New York Stock Exchange under the symbol B . On April 5, 2007, the last reported sale price of our common stock on the New York Stock Exchange was $23.13 per share.

Investing in our securities involves risks. See Risk Factors beginning on page 13.

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

The date of this prospectus is April 9, 2007.

TABLE OF CONTENTS

Table of Contents

IMPORTANT NOTICE TO READERS

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

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

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

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

FORWARD-LOOKING STATEMENTS

You should carefully consider the risk factors included under the heading Risk Factors in this prospectus, and in the risk factors incorporated in this prospectus by reference. This prospectus, including the documents incorporated by reference in this prospectus, includes certain statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. You can identify these statements by forward-looking words such as anticipate, believe, budget, could, estimate, expect, forecast, intend, may, plan, potential, should, will and would read statements that contain these words carefully because they discuss our future expectations, contain projections of our future financial position or results of operations or state other forward-looking information. We believe that it is important to communicate our future expectations to our investors and potential investors. However, there may be events in the future that we are not able to predict or control accurately. The risk factors included in this prospectus, including in the documents incorporated by reference in this prospectus, and any cautionary language in this prospectus and in the documents incorporated by reference in this prospectus provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. You should be aware that the occurrence of the events described in these risk factors, elsewhere in this prospectus and in the documents incorporated by reference in this prospectus

Table of Contents

could have a material adverse effect on our business, results of operations and financial position. You should assume that the information appearing in or incorporated by reference into this prospectus is accurate only as of the date on the front cover of this prospectus or the date of the document incorporated by reference, as applicable. Neither we, nor any of the selling security holders, undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

INDUSTRY AND MARKET DATA

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

Table of Contents

INCORPORATION OF DOCUMENTS FILED WITH THE SEC

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

- our Current Report on Form 8-K, filed on January 3, 2007;
- our Current Report on Form 8-K, filed on February 21, 2007;
- our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed on February 26, 2007;
- our Current Report on Form 8-K, filed on March 5, 2007, other than Item Exhibit 99.1 to such Form 8-K filed on such date;
- our Current Report on Form 8-K, filed on March 7, 2007, other than Item Exhibit 99.1 to such Form 8-K filed on such date;
- our Current Report on Form 8-K, filed on March 12, 2007, other than Item Exhibit 99.1 to such Form 8-K filed on such date; and
- our Definitive Proxy Statement on Schedule 14A, filed on April 5, 2007.

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

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

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

Barnes Group Inc.

123 Main St

Bristol, CT 06010-0489

Attention: General Counsel

(860) 583-7070

Table of Contents

PROSPECTUS SUMMARY

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

Unless otherwise indicated, the information in this prospectus relating to our common stock gives effect to the two-for-one split of our common stock effected in the form of a stock dividend on June 9, 2006.

Our Company

Overview

We are an international diversified aerospace and industrial products manufacturer and distributor, serving a wide range of markets and customers. Our company consists of three businesses:

- Barnes Aerospace, a specialized manufacturer and repairer of highly engineered components and assemblies for aircraft engines, airframes and land-based industrial gas turbines, which generated 23.5% of our sales in 2006;

- Barnes Distribution, an international, full-service vendor managed inventory, or VMI, distributor of maintenance, repair, operating and production, or MROP, supplies which generated 41.8% of our sales in 2006; and

- Associated Spring, a global provider of precision components for critical applications and one of the world s largest manufacturers of precision mechanical and nitrogen gas products, which generated 34.7% of our sales in 2006.

Barnes Aerospace

Barnes Aerospace produces precision-machined and fabricated components and assemblies for original equipment manufacturer, or OEM, turbine engine, airframe and industrial gas turbine builders throughout the world, and the military. Barnes Aerospace also provides jet engine component overhaul and repair services for many of the world s major turbine engine manufacturers, commercial airlines and the military.

Barnes Aerospace s machining and fabrication operations, with facilities in Arizona, Connecticut, Michigan, Ohio, Utah and Singapore, produce critical engine and airframe components through technically advanced processes such as creep-feed grinding, multi-axis milling and turning, and electrical discharge machinery. We also specialize in hot and cold forming of complex parts made from difficult-to-process materials such as titanium, cobalt, inconel and other aerospace alloys. Additional capabilities include superplastic forming and diffusion bonding, machining of high temperature superalloys and various automated and manual welding processes. Our customers include manufacturers of airframe and gas turbine engines for commercial, military and business jets, and land-based industrial gas turbines. Our capabilities have enabled us to build long-standing customer relationships and to participate in the design phase of components and assemblies, where we provide our customers with manufacturing research, testing and evaluation. By doing so, Barnes Aerospace positions itself to be a long-term supplier of components and assemblies to the engine or airframe projects in which it participates. For example, we have significant content on the GE90 engine, which is the exclusive engine for the Boeing 777-300ER, 200LR and 777F aircraft, and the GEnx engine, which is currently on the Boeing 787 and 747-8 aircraft.

Table of Contents

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

Barnes Aerospace participates in aftermarket Revenue Sharing Programs, or RSPs, with General Electric Company, or General Electric, under which Barnes Aerospace receives the exclusive right to supply designated aftermarket parts for the life of the related aircraft engine program. Total commitments in RSP participation fees as of December 31, 2006 equaled $190.2 million, of which $163.1 million had been paid at such time. Barnes Aerospace also entered into a strategic alliance and long-term agreement with Goodrich Aerostructures Group of Rohr, Inc., which we refer to as Goodrich, to manufacture nacelle components for engine applications that power the Boeing 787 General Electric GEnx and the Rolls-Royce Trent 1000. In addition, Barnes Aerospace will provide nacelle components for two additional engine platforms, the Rolls-Royce Trent 700 and the International Aero Engines V2500.

Barnes Distribution

Barnes Distribution is an industry leader in the distribution of MROP supplies. We provide a wide variety of high-volume replacement parts and other products, as well as inventory management and logistics services to a diversified customer base. We distribute products in over 40 countries and are supported by distribution/sales centers in the United States, United Kingdom, Canada, France, Spain, Mexico, Singapore, Brazil, China, Germany, Belgium, Italy and Denmark.

Barnes Distribution distributes over 150,000 stocked replacement parts and other products and has developed or acquired brand names of Bowman®, Curtis®, Kar® Products, Mechanics Choice®, Autoliaisons, Motalink and KENT. These parts and products include fasteners, electrical supplies, hydraulic components, chemicals and security products. Die springs and nitrogen gas springs, mechanical struts and standard parts, such as coil and flat springs, are distributed under the brand names of Raymond® and SPEC®. Most of the products sold under the Raymond and SPEC brand names are manufactured by Associated Spring. With the exception of the products from Associated Spring, the products sold by Barnes Distribution are obtained from outside suppliers. We position ourselves as a partner in the operations of our customers and help them increase their profitability by working with them to provide inventory management solutions.

Barnes Distribution offers an array of service options, built around a VMI business model, which are designed to improve the productivity of our customers while substantially reducing their procurement and transaction costs. We have a diversified customer base ranging from small repair shops to the largest railroads, utilities, food processors, chemical producers, and vehicle fleet operators. Barnes Distribution s products are sold through our direct sales force of approximately 1,700 employees and through our distributors.

Our July 2006 acquisition of the Kent Division from Premier Farnell plc complements established Barnes Distribution businesses in the United Kingdom and France and provides entry into the rest of Europe. KENT also provides a highly successful European organization and leadership team that can leverage our full-service MROP solution across Europe.

Table of Contents

Associated Spring

Associated Spring is a global provider of precision components for critical applications; the largest manufacturer and supplier of precision mechanical springs, compressor reed valves, and nitrogen gas products based in North America; and among the world s largest precision mechanical and nitrogen gas products manufacturers. We are equipped to produce virtually every type of precision spring, from fine hairsprings for electronics and instruments to large heavy-duty springs for machinery. Associated Spring also manufactures nitrogen gas springs and manifold systems used to precisely control stamping presses; retaining rings that position parts on a shaft or other axis; reed valves that are critical custom-engineered components used in compressors; high-precision punched and fine-blanked components used in transportation and industrial applications and injection-molded plastic-on-metal and metal-in-plastic components and assemblies used in electronics, medical devices and consumer products.

We provide highly-engineered, custom solutions that we design and develop in collaboration with our customers from concept to manufacturing. These solutions include product design and development, product and material testing, rapid prototyping and reduction of manufacturing cycle times. Our products are sold globally to manufacturers in many industries, chiefly for use as components in their own products. Our products are purchased primarily by durable goods manufacturers located around the world in industries such as transportation, consumer products, farm equipment, telecommunications, medical devices, home appliances and electronics.

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

The acquisition of Heinz Hänggi GmbH, Stanztechnik (formerly Heinz Hänggi AG, Stanztechnik) in May 2006 allows us to offer innovative and custom-design solutions in the area of micro-punching, progressive die tooling, fine blanking from prototypes to complete assemblies and the production of orifice plates used in fuel injectors. Our acquisition of Heinz Hänggi represents a high-tech and scaleable business line extension that adds additional capabilities, products, geography, and customers. In addition, we acquired the Nitropush and Di-Dro product lines of nitrogen gas springs in November 2006 and February 2007, respectively, which has expanded our global market leadership position in high-quality nitrogen gas systems for use in diverse industrial applications requiring high-force and/or compact dimensions.

Competitive Strengths

Leadership Positions in Each of Our Three Businesses. We enjoy leadership positions within the aerospace industries, VMI industrial distribution industry and within the precision component industrial manufacturing industry. Barnes Aerospace has content on virtually all major commercial aircraft engine programs and performs repairs on many engine models currently in service. We believe that Barnes Distribution is one of the largest industrial distributors in the highly fragmented North American market. Associated Spring is a global provider of precision components for critical applications; the largest manufacturer and supplier of precision mechanical springs, compressor reed valves, and nitrogen gas products based in North America; and among the world s largest manufacturers of precision mechanical and nitrogen gas products. We believe that the leading positions we enjoy as a result of our engineering and technical expertise, innovative logistics services, and sales and marketing infrastructure, built through a combination of our historical operations, investments and acquisitions, provide us with a competitive advantage.

Global Manufacturing, Sales and Distribution Capabilities. As of December 31, 2006, we operated 29 manufacturing facilities, of which 13 are located outside the United States and Canada,

Table of Contents

supported by a global sales force. We distribute products in 40 countries and are supported by distribution/sales centers in the United States, United Kingdom, Canada, France, Spain, Mexico, Singapore, Brazil, China, Germany, Belgium, Italy and Denmark. The international scope of our manufacturing, sales and distribution operations provides us with the ability to efficiently serve our global customer base.

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

A Diverse Business Mix and Customer Base. We provide our products and services to a wide range of industries and customers. The industries we serve include aerospace and defense, transportation, electronics, telecommunications, consumer goods, home appliances, agriculture, food processing, construction, energy, logistics and general industrial. This diversification reduces our dependence on any given industry segment or geographic area and mitigates the impact of cyclical downturns. Within Barnes Aerospace, we sell a broad portfolio of products to a mix of OEM and aftermarket customers, and have a broad exposure to commercial and military markets. Within our Barnes Distribution group, we provide over 150,000 regularly-stocked items to more than 250,000 customers through distribution facilities, sales offices and other selling arrangements around the world. Within our Associated Spring division, we sell more than 40,000 separate parts to more than 15,000 different customers.

Cash Flows to Support Future Growth. We generated approximately $53 million, $70 million and $114 million in cash flows from operating activities in 2004, 2005 and 2006, respectively. During this same period, our operating margin improved from 5.1% in 2004 to 9.3% in 2006. We seek to maximize cash flows by managing working capital and expenses and increasing sales on an ongoing basis throughout the organization. Our cash flows from operations allow us to continue to grow our business both organically by investing in capital expenditures and new internal programs, as well as through strategic acquisitions.

Experienced and Committed Management Team. Our executive management team possesses extensive operational, sales, finance and marketing experience in distribution, manufacturing or aerospace organizations. Further, our executive management team has extensive experience in identifying acquisition candidates, structuring acquisitions and rapidly integrating acquired businesses. Our executive management and employees are significant holders of our common stock. As of February 1, 2007, our executive officers and directors beneficially owned 16.6% of our common stock. Additionally, annual cash incentive targets for our management are set through measures similar to an economic value added measure, or through targets for sales and earnings per share growth.

Business Strategy

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

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

Table of Contents

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

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

Pursue Acquisitions and Strategic Relationships that Profitably Add Customers, Products, Technology or Geographic Presence. Over the past eight years, we have made 15 strategic acquisitions for approximately $530 million and, as of December 31, 2006, had $190.2 million of commitments in aftermarket business alliances, of which $163.1 million had been paid at such time. This strategy has expanded the scope of our operations, added complementary products or product lines, increased our customer base and expanded our geographic presence. We will continually seek acquisition opportunities in each of our three businesses that will add customers, product offerings, technology or geographic reach to our existing base of business and increase our profitability. We will also continue to seek business alliances which foster long-term business relationships, such as our aftermarket RSP agreements and our agreement with Goodrich.

Continue to Expand Our Global Capabilities. Our customer base is global in nature, and we are committed to continuing to expand our global presence to meet our customers needs. As of December 31, 2006, we distributed products in over 40 countries, and we had 71 manufacturing, sales and distribution sites worldwide. We increased our international revenues from 28% of total revenues in 2004 to 34% in 2006. In the past seven years we have added manufacturing operations in such places as China, Singapore, Sweden, Germany, Switzerland, and Mexico. We intend to continue to take advantage of lower labor and production costs associated with international manufacturing and global sourcing capabilities. Additionally, we continue to invest in our global sales and marketing functions to position us to reach new customers and to increase our sales to existing customers.

Leverage Training and Education to Strengthen the Focus on Long-term Profitability. We use sophisticated, internally developed measurement tools to gauge the performance of our three operations. These tools encourage employees to focus on operating profitability as well as the various inputs of capital into a business that can affect the long-term success of the organization. We continue to make investments in education and personal development in order to create a learning organization that embraces globalization and generates constant improvement.

Recent Developments

On March 20, 2007, we entered into our eleventh RSP with a large aerospace manufacturer.

Our principal executive offices are located at 123 Main Street, Bristol, Connecticut 06010. Our telephone number is (860) 583-7070. Our common stock is listed on the New York Stock Exchange under the symbol B. We maintain a website at www.barnesgroupinc.com, however, the information on our

- 5 -

Table of Contents

website is not part of this prospectus, and you should only rely on the information contained in this prospectus and in the documents incorporated by reference into this prospectus when making a decision as to whether to invest or not to invest in the notes.

The Offering

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

Issuer	Barnes Group Inc., a Delaware corporation.
Notes Offered	$100,000,000 aggregate principal amount of 3.375% Convertible Senior Subordinated Notes due 2027.
Maturity	March 15, 2027, unless earlier converted, redeemed or repurchased.
Ranking	The notes are our direct, unsecured, senior subordinated obligations and rank junior in right of payment with all of our existing and future senior indebtedness and equal in right of payment with any other existing and future senior subordinated indebtedness, including our 3.75% convertible senior subordinated notes due 2025. The notes are effectively junior to our subsidiaries existing and future indebtedness and other liabilities, including trade payables. At December 31, 2006, after giving effect to the sale of the notes in our private placement on March 12, 2007 and the application of proceeds therefrom, we and our subsidiaries would have had approximately $445.2 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, excluding intercompany indebtedness, of which $245.2 million aggregate principal amount would have been senior indebtedness or effectively senior in right of payment to the notes and $200.0 million aggregate principal amount would have been senior subordinated indebtedness, including the $100.0 million aggregate principal amount of our 3.75% convertible senior subordinated notes due 2025 ranking pari passu in right of payment with the notes.
Interest Payment	3.375% per year on the principal amount, payable semi-annually in arrears on March 15 and September 15 of each year, beginning September 15, 2007.
Contingent Interest	Beginning with the period commencing on March 20, 2014 to September 14, 2014, and for each six-month interest period thereafter (from September 15 to and including March 14 and from March 15 to and including September 14), we will pay contingent interest during the applicable interest period if the average trading price of the notes during the five trading days ending on the second trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The amount of contingent interest payable per $1,000 principal amount of notes during the applicable interest period will equal an annual rate of 0.25% of the average trading price of such $1,000 principal amount of notes during the applicable five-trading-day reference period, payable in arrears.

Table of Contents

Conversion Rights

You may convert the notes into cash and shares of our common stock, if any, at a conversion rate of 34.8646 shares per $1,000 principal amount of notes (equal to a conversion price of approximately $28.68 per share), subject to adjustment, prior to the close of business on the business day immediately preceding stated maturity only under the following circumstances:

during any fiscal quarter commencing after March 31, 2007, if the closing price of our common stock is greater than or equal to 130% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;

prior to September 15, 2026, during the five business day period after any five consecutive trading day period, or the measurement period, in which the trading price per $1,000 principal amount of notes for each day of such measurement period was less than 98% of the product of the closing price of our common stock and the applicable conversion rate for the notes;

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

at any time after September 15, 2026; or

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

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

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

If you elect to convert your notes in connection with certain corporate transactions that occur on or prior to March 20, 2014, we will increase the conversion rate by a number of additional shares of common stock upon conversion as described under Description of Notes Conversion

	Rights Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving company.
Optional Redemption	Prior to March 20, 2014, the notes will not be redeemable. On or after March 20, 2014, we may, at our option, redeem some or all of the notes in cash, at any time, upon at least 30 days notice at a price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of redemption.
Repurchase of Notes at the Option of the Holder	You may require us to repurchase for cash all or a portion of your notes on March 15, 2014, March 15, 2017 and March 15, 2022 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including, the date of repurchase.
Fundamental Change	If we undergo a fundamental change (as defined in this prospectus) prior to maturity of the notes, you will have the right, subject to certain conditions, to require us to repurchase for cash all or a portion of your notes at a repurchase price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but excluding the date of repurchase.
Registration Rights	We filed the automatically effective shelf registration statement of which this prospectus is a part pursuant to a registration rights agreement, dated as of March 12, 2007, between the initial purchasers of the notes and us. We also agreed to use our reasonable best efforts to keep the registration statement effective until either of the following has occurred: the sale pursuant to the shelf registration statement or Rule 144 under the Securities Act of all of the notes and any shares of our common stock issued upon their conversion; or the expiration of the holding period applicable to the notes and the shares of our common stock issued or issuable upon their conversion held by persons that are not our affiliates under Rule 144(k) under the Securities Act, or any similar rule that may be adopted by the SEC. If we do not fulfill certain of our obligations under the registration rights agreement, we will be required to pay additional amounts to holders of the notes. In no event will additional amounts be payable to holders of the notes or holders of common stock issuable upon conversion of the notes in connection with a registration default relating to the common stock issuable upon conversion of the notes. If you convert some or all of your notes into common stock when there exists a registration default

Table of Contents

	with respect to the notes, you will receive, on the settlement date for any notes submitted for conversion during a registration default, accrued and unpaid additional amounts to the conversion date relating to such settlement date. See Description of Notes Registration Rights.
Use of Proceeds	We will not receive any of the proceeds from the resale by the selling security holders of the notes or the common stock issuable upon conversion of the notes. See Use of Proceeds.
U.S. Federal Income Tax Considerations	Under the indenture governing the notes, absent administrative pronouncements or judicial decisions to the contrary, we and each holder have agreed to treat the notes as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. For U.S. federal income tax purposes, interest income on the notes accrues at the rate of 8.375% compounded semi-annually, which rate represents our determination of the yield at which we could issue a comparable noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to the notes. A U.S. holder is required to accrue interest income on a constant yield to maturity basis at this rate (subject to certain adjustments), with the result that a U.S. holder may recognize interest income significantly in excess of stated interest payments received while the notes are outstanding. A U.S. holder will also recognize gain or loss on the sale, exchange, conversion, repurchase or redemption of a note in an amount equal to the difference between the amount realized on the sale, exchange, conversion, repurchase or redemption of a note, including the fair market value of our common stock received upon a conversion, if any, and the U.S. holder s adjusted tax basis in the note. Any gain recognized on the sale, exchange, conversion, repurchase or redemption of a note generally will be ordinary interest income. Any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See Certain U.S. Federal Income Tax Considerations.
Trustee, Paying Agent and Conversion Agent	The Bank of New York Trust Company, N.A.
Book-Entry Form	The notes have been issued in book-entry form and are represented by a global certificate or certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities except in limited circumstances.
Trading	The notes issued in the initial private offering are eligible for trading in the Private Offerings, Resales and Trading through Automatic Linkages Market, commonly referred to as the PORTAL Market, of The National Association of Security Dealers, Inc. However, the notes sold using this prospectus will no longer be eligible for trading in the PORTAL system and we cannot guarantee the liquidity or the development of any trading

	market for the notes. We do not intend to list the notes for trading on any national securities exchange or any automated interdealer quotation system.
Trading Symbol for Our Common Stock	Our common stock is listed on the New York Stock Exchange under the trading symbol B.
Risk Factors	You should carefully consider the information set forth in the section of this prospectus entitled Risk Factors as well as the other information included in or incorporated by reference into this prospectus before deciding whether to invest in the notes.

Table of Contents

Summary Historical Consolidated Financial Information

The following summary historical consolidated financial information as of and for each of the three years in the period ended December 31, 2006 has been derived from, and should be read together with, our consolidated financial statements, and the related notes, and our selected financial data, which are incorporated by reference in this prospectus.

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

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

	Year Ended December 31,		
	2004(4)	**2005**(3)(4)	**2006**(5)
Statements of Income (*in millions, except per share data*)			
Net Sales	$ 994.7	$ 1,102.2	$ 1,259.7
Cost of Sales	652.9	705.5	797.5
Selling and administrative expenses	291.4	320.3	345.2
Operating income	50.4	76.4	117.0
Other income	2.1	10.4	1.2
Interest expense	15.4	17.6	23.7
Other expenses	1.3	1.1	1.3
Income before income taxes	35.9	68.2	93.2
Income taxes	5.9	13.6	19.4
Net income before cumulative effect of a change in accounting principle	30.0	54.5	73.8
Cumulative effect of a change in accounting principle, net of taxes	0.0	(0.4)	0.0
Net Income	$ 30.0	$ 54.2	$ 73.8
Per Common Share(2)			
Net income(1)			
Basic	$ 0.65	$ 1.15	$ 1.46
Diluted	0.63	1.10	1.39
Dividends	0.40	0.42	0.485
Average common shares outstanding (*in millions*)(2)			
Basic	46.2	47.2	50.7
Diluted	47.9	49.0	52.9

Table of Contents

Operations by Business Segment (*in millions*)			
Net Sales			
Barnes Aerospace	205.9	235.4	296.9
Barnes Distribution	424.8	453.8	526.9
Associated Spring	373.5	422.4	445.9
Intersegment sales	(9.5)	(9.4)	(10.0)
Total net sales	994.7	1,102.2	1,259.7
Operating profit			
Barnes Aerospace	19.9	25.5	42.7
Barnes Distribution	10.8	22.6	31.5
Associated Spring	20.8	28.6	42.9
Total operating profit	51.5	76.7	117.1
Other Financial Data (*in millions*)			
Capital expenditures	28.5	26.1	41.7
Depreciation and amortization	34.2	34.9	42.2
Net cash provided (used) by operating activities	52.7	69.7	114.3
Net cash provided (used) by investing activities	(75.6)	(85.5)	(247.3)
Net cash provided (used) by financing activities	7.7	7.9	140.9
EBITDA Reconciliation (*in millions*)			
Net Income	30.0	54.2	73.8
Income taxes	5.9	13.4	19.4
Depreciation and amortization	34.2	34.8	42.2
Interest expense	15.4	17.6	23.7
EBITDA	85.4	120.0	159.1
Ratio of Earnings to Fixed Charges	2.8x	4.0x	4.2x

	As of December 31,		
	2004(4)	**2005(3)(4)**	**2006(5)**
Balance Sheet Data (*in millions*)			
Cash and cash equivalents	$ 36.3	$ 28.1	$ 35.4
Working capital	126.7	120.8	166.2
Property, plant and equipment	166.3	157.1	209.6
Total assets	942.8	1,005.9	1,336.5
Long-term debt and notes payable	268.0	286.0	427.1
Stockholders equity	356.4	401.2	519.8

Totals may not add due to rounding

(1) All per share data is based on weighted average common shares outstanding during each year.

(2) As adjusted for the two-for-one stock split in the second quarter of 2006.

(3) The 2005 results include approximately $0.4 million or $0.01 per share, of charges related to the cumulative effect of a change in accounting principle, net of taxes. These charges resulted from the adoption of FIN No. 47, Accounting for Conditional Asset Retirement Obligations.

(4) Effective January 1, 2006, the Company adopted SFAS No. 123R, Share-Based Payment which requires the cost of all share-based payments, including stock options, to be measured at fair value on the grant date and recognized in the results of operations. The Company elected to utilize the modified retrospective method of adoption and therefore all periods presented prior to January 1, 2006 were adjusted.

(5) Effective December 31, 2006, the Company adopted SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans which requires the Company to recognize the overfunded or underfunded status of its defined benefit postretirement plans as an asset or liability in the statement of financial position and to recognize changes in the funded status in comprehensive income in the year in which the changes occur.

Table of Contents

RISK FACTORS

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

Risks Related to Our Business

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

In each of 2006 and 2005, our net sales to General Electric and its subsidiaries accounted for 14% of our total sales. Approximately 61% of Barnes Aerospace s sales in 2006 were from General Electric, and approximately 21% of Associated Spring s sales in 2006 were from Associated Spring s three largest customers. Some of our success will depend on our continued ability to develop and manage relationships with significant customers. We cannot assure you that we will be able to retain our largest customers. Some of our customers may in the future shift their purchases from us to our competitors, in-house or to other sources. Our sales agreements provide that until a firm order is placed by a customer for a particular product, the customer may unilaterally reduce or discontinue its projected purchases without penalty. The loss of one or more of our largest customers, any reduction or delay in sales to these customers, our inability to successfully develop relationships with new customers, or future price concessions we make to retain customers could significantly reduce our sales and profitability.

Our ability to execute on capacity expansion and transfer of work initiatives may affect future revenues and profitability.

Effective capacity planning and execution and the transfer of work among facilities are key components for meeting customer demand. If we are unable to effectively meet capacity requirements or transfer work among facilities, it may adversely impact our net sales, results of operations and cash flows.

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

We have manufacturing, sales and distribution facilities around the world, and the majority of our foreign operations use the local currency as their functional currency. These include, among others, the Canadian dollar, Euro, British pound, Singapore dollar, Swedish krona, Mexican peso and Brazilian real. Because our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies expose us to translation risk when the local currency financial statements are translated to U.S. dollars, our functional currency. Changes in currency exchange rates may also expose us to transaction risk. We may buy protecting or offsetting positions or hedges in certain currencies to reduce our exposure to currency exchange fluctuations; however, these transactions may not be adequate or effective to protect us from the exposure for which they are purchased. We have not engaged in any speculative hedging activities. Currency fluctuations may impact our revenues and profitability in the future.

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

During 2006, approximately 34% of our sales were from facilities outside of the United States. Also, we have twelve manufacturing facilities and twenty distribution centers outside the United States and Canada. The international scope of our business subjects us to risks such as threats of war, terrorism or instability of governments and legal systems in countries in which we or our customers conduct business. In addition, because we depend upon our information systems to help process orders, to manage inventory and accounts receivables collections, to purchase, sell and ship products efficiently and on a timely basis, to maintain cost-effective operations, and to help provide superior service to our customers, any disruption in the operation of our information systems, including widespread power outages, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Some of our facilities are located in areas that may be affected by natural disasters, including earthquakes or tsunamis, which could cause significant damage and disruption to the operations of those facilities which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, some of our manufacturing equipment and tooling is custom made and is not readily replaceable. Loss of such equipment or tooling could have a negative impact on our manufacturing business, financial condition, results of operations and cash flows.

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

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

We have operations and assets in various parts of the world. In addition, we sell our products and services in foreign countries and seek to increase our level of international business activity. Accordingly, we are subject to various risks, including: U.S.-imposed embargoes of sales to specific countries; foreign import controls (which may be arbitrarily imposed or enforced); import regulations and duties; export regulations (which require us to comply with stringent licensing regimes); anti-dumping regulations; price and currency controls; exchange rate fluctuations; dividend remittance restrictions; expropriation of assets; war, civil uprisings and riots; government instability; the necessity of obtaining governmental approval for new and continuing products and operations; legal systems or decrees, laws, taxes, regulations, interpretations and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; and difficulties in managing a global enterprise. We have experienced inadvertent violations of some of these regulations, including export regulations and regulations prohibiting air transport of aerosol products, in the past, none of which have had or, we believe, will have

Table of Contents

a material adverse effect on our business. However, any significant violations of these regulations in the future could result in civil or criminal sanctions, the loss of export or other licenses which could have a material adverse effect on our business. We may also be subject to unanticipated income taxes, excise duties, import taxes, export taxes or other governmental assessments. In addition, our organizational structure may limit our ability to transfer funds between countries, particularly into and out of the United States, without incurring adverse tax consequences. Any of these events could result in a loss of business or other unexpected costs that could reduce sales or profits and have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

We maintain pension and other postretirement benefit plans in the U.S. and certain international locations.

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

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

At December 31, 2006, after giving effect to the sale of the notes in our private placement on March 12, 2007 and the application of proceeds therefrom, we and our subsidiaries would have had approximately $445.2 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, representing approximately 46% of our total capital (net indebtedness plus stockholders equity) as of that date. We may incur additional indebtedness to finance future acquisitions. Our level of indebtedness and the significant debt servicing costs associated with that indebtedness could have important effects on our operations and financial condition and may adversely affect the value or trading price of our outstanding equity securities and debt securities. For example, our indebtedness could

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

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

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

limit our ability to borrow additional funds; or

increase our vulnerability to general adverse economic and industry conditions.

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

Certain of our debt arrangements require us to maintain certain interest coverage and leverage ratios and a minimum net worth and limit our ability to incur debt, make investments or undertake certain other business activities. These requirements could limit our ability to obtain future financing and may prevent us from taking advantage of attractive business opportunities. Our ability to meet the financial covenants or requirements in our debt arrangements may be affected by events beyond our control, and we cannot assure you that we will satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the restrictions could result in an event of default under our debt arrangements, which in turn could result in an event of default under the terms of our other indebtedness. Upon the occurrence of an event of default under our debt arrangements, after the expiration of any grace periods, our lenders could elect to declare all amounts outstanding under our debt arrangements, together with accrued interest, to be immediately due and payable. If this happens, we cannot assure you that our assets would be sufficient to repay in full the payments due under those arrangements or our other indebtedness, including the notes.

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

Our total assets include substantial goodwill. At December 31, 2006, our goodwill totaled $358.6 million. The goodwill results from our acquisitions, representing the excess of the purchase price we paid over the fair value of the tangible and intangible assets we acquired. We assess whether there has been an impairment in the value of our goodwill during each calendar year or sooner if triggering events warrant. If future operating performance at one or more of our businesses does not meet expectations, we may be required to reflect, under current applicable accounting rules, a non-cash charge to operating results for goodwill impairment. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations and total capitalization, the effect of which could be material. A reduction in our stockholders equity due to an impairment of goodwill may affect our ability to maintain the required net worth ratios under our debt arrangements.

We could be adversely affected by changes in interest rates.

Our profitability may be adversely affected as a result of increases in interest rates. At December 31, 2006, after giving effect to the sale of the notes in our private placement on March 12, 2007 and the application of proceeds therefrom, we and our subsidiaries would have had approximately $445.2 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, of which, approximately 28% would have had interest rates that float with the market, either under the terms of the indebtedness or as a result of interest rate swap agreements that were then in force. A 100 basis point increase in the interest rate on such variable-rate debt in effect at December 31, 2006 would have resulted in an approximately $1.3 million annualized increase in interest expense.

Table of Contents

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

At December 31, 2006, Barnes Aerospace had $403.0 million of order backlog and Associated Spring had $93.2 million of order backlog. There can be no assurances that the revenues projected in our backlog will be realized or, if realized, will result in profits. We consider backlog to be firm customer orders for future delivery. From time to time, OEM customers of Barnes Aerospace and Associated Spring provide projections of components and assemblies that they anticipate purchasing in the future under new and existing programs. Such projections are not included in our backlog unless we have received a firm release from our customers. Our customers may have the right under certain circumstances and with certain penalties or consequences to terminate, reduce or defer firm orders that we have in backlog. If our customers terminate, reduce or defer firm orders, we may be protected from certain costs and losses, but our sales will nevertheless be adversely affected. Although we strive to maintain ongoing relationships with our customers, there is an ongoing risk that orders may be cancelled or rescheduled due to fluctuations in our customers business needs or purchasing budgets.

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

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

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

We may not recover all of our up-front costs related to RSPs.

We participate in aftermarket RSPs under which we receive an exclusive right to supply designated aftermarket parts to a large aerospace manufacturer over the life of an aircraft engine program. As consideration, we pay participation fees, which are recorded as long-lived intangible assets, and are recognized as a reduction to sales over the life of the program. Our total commitments in RSP participation fees as of December 31, 2006 equaled $190.2 million, of which $163.1 million had been paid at such time. The recoverability of the asset is dependent upon future revenues related to the program s aftermarket parts. The potential exists that actual revenues will not meet expectations. A shortfall in future revenues may result in the failure to recover the total amount of the investments, which could adversely affect our financial condition and results of operations and cash flows.

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

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

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

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

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

Our operations expose us to potential product liability risks that are inherent in the design, manufacture and sale of our products and the products we buy from third parties and sell to our customers. For example, we may be exposed to potential liability for personal injury or death as a result of the failure of a spring or other part in a vehicle or an aircraft component designed, manufactured or sold by us or the failure of an aircraft component that has been serviced by us or the components, including potentially hazardous substances, in a product purchased by us and sold by us to one of our customers. While we believe that our liability insurance is adequate to protect us from these liabilities, our insurance may not cover all liabilities. Additionally, insurance coverage may not be available in the future at a cost acceptable to us. Any material liability not covered by insurance or for which third-party indemnification is not available could have a material adverse effect on our financial condition, results of operations and cash flows.

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

Approximately 13% of our U.S. employees are covered by collective bargaining agreements and 45% of our non-U.S. employees are covered by collective bargaining agreements or statutory trade union agreements. We are currently negotiating a collective bargaining agreement with unionized employees at our Burlington, Ontario facility, representing a total of 74 employees. Although we believe that our relations with our employees are good, we cannot assure you that we will be successful in negotiating new collective bargaining agreements, or that such negotiations will not result in significant increases in the cost of labor, including healthcare, pensions or other benefits. Any potential strikes or work stoppages, and the resulting adverse impact on our relationships with customers, could have a material adverse effect on our business, financial condition, results of operations or cash flows. Similarly, a protracted strike or work stoppage at any of our major customers, suppliers or other vendors could materially adversely affect our business.

Table of Contents

Risks Related to Acquisitions

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

We have completed 15 acquisitions since 1999. We seek acquisition opportunities that complement and expand our operations and that will help create stockholder value over the long term. We cannot assure you that we will be able to effectively integrate our recent or future acquisitions into our operations. We may not be able to do so successfully without substantial costs, delays or other difficulties. We could face significant challenges in consolidating functions and integrating procedures, information technology systems, personnel, product lines and operations in a timely and efficient manner. We may encounter difficulties in training our sales forces to work with new products and customers.

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

- the loss of significant customers;
- the need to retrain skilled engineering, sales and other personnel resulting from the loss of key employees;
- the failure to maintain the quality of customer service that each business has historically provided;
- the need to coordinate geographically diverse organizations;
- retooling and reprogramming of equipment and information technology systems; and
- the resulting diversion of management s attention from our day-to-day business and the need to hire additional management personnel to address integration obstacles.

If we are not successful in integrating our recent and future acquisitions into our operations, if the integration takes longer than anticipated, if the companies or assets we acquire do not perform as we anticipate, or if the integrated product and service offerings fail to achieve market acceptance, our business, financial position, results of operations and cash flows could be adversely affected.

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

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

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

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

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

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

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

A significant portion of the industries that we serve are mature industries. As a result, our recent growth has resulted in large part from, and our future growth will depend in part on, the successful acquisition and integration of businesses into our existing operations. While we are focused on adding strategic pieces to our operations by acquiring companies, manufacturing and service assets and technologies that complement our existing businesses, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval or otherwise complete acquisitions in the future. In addition, opportunities to enter into additional aftermarket RSP or alliances may be limited. Aftermarket RSPs will have an impact on the rate of future growth and profitability as a result of the business mix between aftermarket and OEM, the number of new RSPs entered into, the level of aftermarket volume, increasing management fees, the amortization of the participation fees, and the expiration of the Singapore pioneer tax incentive program on these programs.

Risks Related to the Industries in Which We Operate

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

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

Table of Contents

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

The industries to which we sell our products are cyclical and tend to decline in response to overall declines in industrial production. Barnes Aerospace is heavily dependent on the aerospace industry, and Associated Spring is dependent on the transportation industry, both of which are cyclical. As a result, our business is also cyclical. In addition, many of our customers have historically experienced periodic downturns, which often have had a negative effect on demand for our products. For example, lower production rates in the transportation markets and reduced overall sales of telecommunications and electronics products adversely affect the volume and price of orders placed for products used to manufacture these products, including our springs. Prior industry downturns have negatively affected our net sales, gross margin, net income and cash flows. For example, there was a downturn in the aerospace industry in the beginning of this decade which resulted in a sharp decrease globally in new commercial aircraft deliveries, order cancellations or deferrals by the major airlines and reduced demand for our aerospace components and overhaul and repair services. While there has been a recovery in commercial air traffic, any future downturn could adversely affect our business, financial condition, results of operations and cash flows.

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

We use and generate hazardous substances and wastes in our operations. In addition, many of our current and former properties are or have been used for industrial purposes. Accordingly, we monitor hazardous waste management and applicable environmental permitting and reporting for compliance with

Table of Contents

applicable laws at our locations in the ordinary course of our business. We may be subject to potential material liabilities relating to any investigation and clean-up of our locations or properties where we delivered hazardous waste for handling or disposal that may be contaminated and to claims alleging personal injury.

High fuel prices may impact our operating results.

Fuel costs constitute a significant portion of operating expenses for companies in the aerospace industry. Widespread disruption to oil production, refinery operations and pipeline capacity in certain areas of the United States can increase the price of jet fuel significantly. Conflicts in the Middle East, an important source of oil for the U.S. and other countries where we do business, cause prices for fuel to be volatile and often significantly higher than historic levels. Because many of our customers and we are in the aerospace industry, increased fuel costs could have a material adverse effect on our financial condition or results of operations. The price of fuel generally impacts the cost of operating our manufacturing and distribution operations. Additionally, higher fuel costs may increase our freight expenses.

Products and services of the mature industries in which we operate may be rendered obsolete by new products, technologies and processes.

Our manufacturing operations focus on highly engineered components which require extensive engineering and research and development time. Our competitive advantage may be adversely impacted if we cannot continue to introduce new products ahead of our competition, or if our products are rendered obsolete by other products or by new, different technologies and processes.

Risks Related to the Offering

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

The notes are subordinated to all of our existing and future senior debt. The notes are not secured by any of our assets. In the event we default on any of our senior debt or in the event we undergo a bankruptcy, liquidation, dissolution, reorganization, or similar proceeding, the proceeds of the sale of our assets would first be applied to the repayment of our senior debt before any of those proceeds would be available to make payments on our subordinated debt, including the notes. Accordingly, upon an acceleration of the notes, there may be no assets remaining from which claims of the holders of the notes could be satisfied or, if any assets remained, they might be insufficient to satisfy those claims in full.

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

In addition, the notes are not guaranteed by any of our existing or future subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due with respect to the notes or to make any funds available therefor, whether by dividends, loans or other payments. As a result, the notes effectively rank junior in right of payment to all existing and future debt and other liabilities (including trade payables) of our subsidiaries. At December 31, 2006, after giving effect to the sale of the notes in our private placement on March 12, 2007 and the application of proceeds therefrom, we and our subsidiaries would have had approximately $445.2 million aggregate principal amount of consolidated debt and capitalized lease obligations outstanding, excluding intercompany indebtedness, of which $245.2 million aggregate principal amount would have been senior indebtedness or effectively senior in right of payment to the notes and $200.0 million aggregate principal amount would have been senior subordinated indebtedness, including the $100.0 million aggregate principal amount of our 3.75% convertible senior subordinated notes due 2025 ranking *pari passu* in right of payment with the notes.

Table of Contents

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

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

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

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

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

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

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

On March 15, 2014, March 15, 2017 and March 15, 2022 or in the event of a fundamental change (as defined in the indenture governing the notes offered hereby), holders may require us to repurchase their notes at a price of 100% of the principal amount of the notes, plus accrued and unpaid interest, including contingent interest and additional amounts, to the repurchase date. Upon a conversion, we will be required to make a cash payment of up to $1,000 for each $1,000 in principal amount of notes converted. However, it is possible that we will not have sufficient funds available at such time to make the required repurchase or settlement of converted notes. In addition, some of our existing financing agreements contain, and any future credit agreements or other agreements relating to our indebtedness could contain, provisions prohibiting the repurchase of the notes under certain circumstances, or could provide that a fundamental change constitutes an event of default under that agreement, or restrict our ability to make cash payments upon conversion of the notes. If any agreement governing our indebtedness

Table of Contents

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

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

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

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

In addition, the sale of substantial amounts of our common stock could adversely impact its price. In the future, we may sell additional shares of our common stock to raise capital. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the notes. As of December 31, 2006, 8,821,818 shares of our common stock were reserved for issuance for outstanding stock options and restricted stock units. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sales of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our common stock.

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

Table of Contents

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

If certain specified corporate transactions occur on or prior to March 20, 2014, we will under certain circumstances increase the conversion rate on notes converted in connection with the specified corporate transaction by a number of additional shares of common stock. The number of additional shares of common stock will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per share of our common stock in the specified corporate transaction as described under Description of Notes Conversion Procedures Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control. The additional shares of common stock issuable upon conversion of the notes in connection with a specified corporate transaction may not adequately compensate you for any loss you may experience as a result of such specified corporate transaction. If the specified corporate transaction occurs after March 20, 2014 or if the price paid per share of our common stock in the specified corporate transaction is less than the common stock price at the date of issuance of the notes or above a specified price, there will be no increase in the conversion rate. In addition, in certain circumstances upon a change of control arising from our acquisition by a public company, we may elect to adjust the conversion rate as described under Description of Notes Conversion Procedures Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control and, if we so elect, holders of notes will not be entitled to the increase in the conversion rate determined as described above.

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

The conversion rate of the notes is subject to adjustment for certain events, including but not limited to the issuance of stock dividends on our common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain tender or exchange offers as described under Description of Notes Conversion Procedures Conversion Rate Adjustments. The conversion rate will not be adjusted for other events, such as an issuance of common stock for cash, that may adversely affect the trading price of the notes or the common stock. We cannot assure you that an event that adversely affects the value of the notes, but does not result in an adjustment to the conversion rate, will not occur.

We recommend that you consider the U.S. federal income tax consequences of owning and disposing of the notes.

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

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

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

Table of Contents

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

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

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

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

Fraudulent transfer statutes may limit your rights as a noteholder.

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

- avoid all or a portion of our obligations under the notes to you;
- subordinate our obligations under the notes to you to our other existing and future indebtedness, entitling other creditors to be paid in full before any payment is made on the notes; and
- take other action detrimental to you, including, in some circumstances, invalidating the notes.

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

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

- issued the notes with the intent of hindering, delaying or defrauding current or future creditors;
- received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by the notes and were insolvent or were rendered insolvent by reason of the issuance of the notes;
- were engaged, or about to engage, in a business or transaction for which our assets were unreasonably small; or
- intended to incur, or believed (or should have believed) we would incur, debts beyond our ability to pay as such debts mature (as all of the foregoing terms are defined in or interpreted under such fraudulent transfer statutes).

Different jurisdictions define insolvency differently. However, we generally would be considered insolvent at the time we incurred the indebtedness constituting the notes if (1) the fair market value (or

Table of Contents

fair saleable value) of our assets is less than the amount required to pay our total existing debts and liabilities (including the probable liability related to contingent liabilities) as they become absolute or matured or (2) we were incurring debts beyond our ability to pay as such debts mature. We cannot assure you as to what standard a court would apply in order to determine whether we were insolvent as of the date the notes were issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that we were insolvent on that date. Nor can we assure you