BARNES GROUP INC
Form 11-K
June 24, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 30, 2012
OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-4801

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
BARNES GROUP INC. RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
Barnes Group Inc.
123 Main Street
Bristol, Connecticut 06010

Barnes Group Inc. Retirement Savings Plan
Financial Statements and Supplemental Information
Years ended December 30, 2012 and 2011
Contents

Report of Independent Registered Public Accounting Firm

To the Benefits Committee of the
Barnes Group Inc. Retirement Savings Plan
Bristol, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Barnes Group Inc. Retirement Savings Plan (the Plan), which comprise the statements of net assets available for benefits as of December 30, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 30, 2012 and 2011, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Assets (Held at End of Year) as of December 30, 2012, referred to as "supplemental information," is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the

Plan’s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Fiondella, Milone & LaSaracina LLP
Glastonbury, Connecticut
June 19, 2013

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Barnes Group Inc. Retirement Savings Plan
Statements of Net Assets Available for Benefits

	December 30, 2012	2011
Assets		
Cash and cash equivalents	$3,491,541	$3,319,199
Investments at fair value:		
Mutual funds	119,535,565	100,846,438
Managed income portfolio fund	51,631,537	56,076,949
Barnes Group Inc. common stock	69,429,198	75,277,345
Total investments at fair value	240,596,300	232,200,732
Receivables:		
Notes receivable from participants	6,205,178	6,251,260
Employer contributions	3,161,741	3,273,212
Total receivables	9,366,919	9,524,472
Total assets	253,454,760	245,044,403
Liabilities		
Accrued expenses	24,856	24,856
Total liabilities	24,856	24,856
Net assets reflecting all investments at fair value	253,429,904	245,019,547
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	(1,400,232)	(1,362,483)
Net assets available for benefits	$252,029,672	$243,657,064

See accompanying notes.

Barnes Group Inc. Retirement Savings Plan
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 30,	
	2012	2011
Additions		
Investment income:		
Interest and dividend income	$5,033,598	$5,192,903
Net appreciation in fair value of investments	3,589,114	4,732,558
Total investment income	8,622,712	9,925,461
Contributions:		
Employer match	3,503,995	3,395,271
Participant and rollover	10,913,917	9,986,489
Profit sharing	3,162,168	3,281,551
Total contributions	17,580,080	16,663,311
Other income:		
Interest on notes receivable from participants	281,137	252,160
Total additions	26,483,929	26,840,932
Deductions		
Benefit payments	17,975,496	20,685,058
Administrative expenses	135,825	102,992
Total deductions	18,111,321	20,788,050
Net increase in net assets available for benefits	8,372,608	6,052,882
Net assets available for benefits:		
Beginning of year	243,657,064	237,604,182
End of year	$252,029,672	$243,657,064

See accompanying notes.

Barnes Group Inc. Retirement Savings Plan

Notes to Financial Statements

December 30, 2012 and 2011
1. Description of Plan

The following description of the Barnes Group Inc. (the Company) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description on the Plan's provisions.

General

The Plan is a defined contribution plan. Full-time salaried and non-union hourly United States employees of the Company are eligible to participate in the Plan. Members of collective bargaining units are not eligible to participate. Eligible employees may participate in the Plan on the first day of the month that follows or is coincident with their date of hire. All newly eligible employees are automatically enrolled in the Plan sixty days following their date of hire.

The Plan was last amended and restated effective January 1, 2013 (see Note 11).

Participant Accounts

Each participant's account is credited with (1) the participant's contribution and allocations of (2) the Company's contributions, if any, and (3) Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions and offset administrative expenses of the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Investment Options

All investment programs are fully participant-directed. Participants may direct the investment of their contributions and the Company's discretionary matching and profit sharing contributions, if any, into any of the Plan's available investment options.

Contributions

Subject to certain restrictions which may be applied to highly-compensated employees, participants must elect to make contributions to the Plan through payroll deductions of between 1% and 75% (in whole percentages) of their Plan compensation. In accordance with the Internal Revenue Code, participant pre-tax contributions cannot exceed $17,000 and $16,500 in 2012 and 2011, respectively, with the exception of certain allowable catch-up contributions for participants over the age of 49. Such contributions may be made on a pre-tax or after-tax basis. After-tax contributions are not subject to matching Company contributions and the combined pre-tax and after-tax deduction cannot exceed 75% of Plan compensation (the after-tax portion of which cannot exceed 10% of Plan compensation). A participant may also elect to increase or reduce the
amount of contributions at any time.

All profit sharing contributions are made by the Company. For all participating divisions, a minimum contribution is equal to 3.5% of each eligible employee's paid compensation which includes base wages, overtime, shift differential and commissions.

The Company match is equal in value to 50% of the participants' pre-tax contribution up to 6% of their Plan compensation and may be invested in any of the Plan's investment alternatives.

Benefits

Upon a participant's separation from service due to death, disability or retirement, benefits may be distributed to them or their beneficiary (in the event of death) in a single lump-sum amount equal to the vested value of their account. Active participants may also withdraw funds from their accounts under certain hardship conditions.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. No allowances for credit losses have been recorded as of December 30, 2012 and 2011. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance, not including the profit sharing portion. Loan transactions are treated as a transfer to (from) the investment fund from (to) the participant loans fund. Personal loan terms generally can be up to five years. The loans are collateralized by the balance in the participant’s account and bear a reasonable rate of interest as established by the Benefits Committee in a nondiscriminatory manner.

Vesting

A participant is 100% vested in the Company match following two completed years of service with the Company. Participants are always 100% vested with respect to their own contributions plus actual earnings thereon. In addition, Company contributions become 100% vested upon death, permanent disability or when the participant reaches age 55.

Profit sharing vesting is as follows:

(1) For employees of participating divisions other than Bowman U.S.:

Period of Service	Vested and Nonforfeitable Percentage	
Less than 1 year	0%	
1 but less than 2 years	20	%
2 but less than 3 years	40	%
3 but less than 4 years	60	%
4 but less than 5 years	80	%
5 or more years	100	%

(2) For employees of Bowman U.S.:

Period of Service	Vested and Nonforfeitable Percentage	
Less than 5 years	0%	
5 or more years	100	%

Trustee

Fidelity Management Trust Company (Fidelity) is the trustee for all Plan assets. The Benefits Committee, appointed by the Board of Directors of the Company, is responsible for the general administration of the Plan.

Plan Termination

The Company presently intends to continue the Plan indefinitely; however, the Company's Board of Directors may terminate the Plan at any time. Upon termination of the Plan, all participants become fully vested in all Company contributions and earnings credited to their accounts as of the date of such termination.

2. Summary of Significant Accounting Policies
Basis of Accounting
The financial records of the Plan are maintained on the accrual basis of accounting.
Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for various investment options in mutual funds, a managed income portfolio fund and Barnes Group Inc. common stock. These investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.
Investment Valuation and Income Recognition

The Plan's mutual funds are stated at fair value, which is based on quoted market prices in an active market. The market value of mutual funds is based on the net asset value of shares held by the Plan at year-end. Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis.

The Plan's investment in a managed income portfolio fund (the Fidelity Managed Income Portfolio II) is accounted for in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 962 (ASC 962), which discusses the accounting treatment for fully benefit-responsive investment contracts. Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

At December 30, 2012 and 2011, the adjustment from fair value to contract value for the fully benefit-responsive investment contracts was determined by the Plan sponsor by calculating the Plan's proportional share of the adjustment listed in the fund's audited financial statements. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrator expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

At December 30, 2012 and 2011, the statements of net assets available for benefits present the fair value of the investment in the fully benefit-responsive investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value.

The fair value of investments in the Company's common stock is based upon quoted market prices.
The Plan presents, in the statements of changes in net assets available for benefits, the net appreciation in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments.
Fair Value of Investments

The Plan follows FASB ASC 820, Fair Value Measurements and Disclosures (ASC 820), for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value, establishes a fair value hierarchy, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including the Plan's own credit risk.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:
Level 1 - Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
Level 2 - Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3 - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based valuation techniques that include option pricing models, discounted cash flow models, and similar techniques.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Plan provides that all expenses incurred in administering the Plan may be paid by the Plan or the Company. During 2012 and 2011, the Company elected to pay for all Plan administrative expenses other than loan origination fees and redemption charges on certain funds. In 2012 and 2011, certain legal and audit fees relating to the Plan were paid by the Plan.

Contributions

Employee contributions are recorded in the period in which the employee payroll deductions are made.

New Accounting Pronouncement

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, Fair Value Measurement (ASU 2011-04). ASU 2011-04 improves the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and International Financial Reporting
Standards. Although most of the amendments only clarify existing guidance in GAAP, ASU 2011-04 requires new disclosures, with a particular focus on Level 3 measurements, including quantitative information about the significant unobservable inputs used for all Level 3 measurements and a qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed. ASU 2011-04 also requires the hierarchy classification for those items whose fair value is not recorded on the statements of net assets available for benefits but is disclosed in the footnotes. ASU 2011-04 is effective for financial statements issued for fiscal years beginning after December 15, 2011. The adoption of ASU No. 2011-04 did not have a material effect on the Plan’s financial statements as of and for the years ended December 30, 2012 and 2011.

3. Investments

The Plan has investments in Barnes Group Inc. common stock, Fidelity mutual funds and a managed income portfolio fund.

The following investments represent 5% or more of the Plan's net assets:

	December 30, 2012	2011
Barnes Group Inc. common stock	$69,429,198	$75,277,345
Fidelity Managed Income Portfolio II	51,631,537	56,076,949
Fidelity Freedom K 2020 Fund	27,197,504	24,302,314
Fidelity Blue Chip Growth Fund	13,475,350	*