



Barnes Group Inc.
Investor Overview
May 2006



Safe Harbor Statement

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Barnes Group Inc.

- Balanced Business Portfolio
- Strong Cash Flow
- Manufacturer of Specialized Products and Full-Service Distributor
- Leader in Niche Markets with Broad Customer Base
- Ability to Complete and Integrate Strategic Acquisitions
- Experienced Management Team with Significant Ownership



Company Profile

**A diversified international manufacturer and distributor,
serving a wide range of end markets and customers**

- Founded in 1857
- Public since 1946; NYSE: B
- Market cap: \$1.1 billion
- Dividends paid since 1934; yield 2.2%





Strong Management Team

Experience and Committed Management Team. Extensive operational, sales, finance and marketing experience in distribution, manufacturing or aerospace organizations.



Ed Carpenter, President & CEO
Joined BGI: 1998
Prev. Exp: General Signal, ITT



Greg Milzcik, EVP, COO, President, Associated Spring
Joined BGI: 1999
Prev. Exp: Lockheed Martin, AAR Corp.



Bill Denninger, SVP, CFO
Joined BGI: 2000
Prev. Exp: BTR Inc., ITT



John Arrington, SVP, HR
Joined BGI: 1998
Prev. Exp: GE, U.S. West



Signe Gates, SVP, General Counsel
Joined BGI: 1999
Prev. Exp: Axel Johnson, General Signal



Phil Goodrich, SVP, Corporate Development
Joined BGI: 1999
Prev. Exp: AMETEK, General Signal



Patrick Dempsey, President, Barnes Aerospace
Joined BGI: 2000
Prev. Exp: Pratt & Whitney, Interturbine



Idelle Wolf, President, Barnes Distribution
Joined BGI: 2000
Prev. Exp: Curtis Ind., Point Group, E&Y



Frank Boyle, VP, Controller
Joined BGI: 1978
Prev. Exp: Ernst & Young



Joe DeForte, VP, Tax
Joined BGI: 1999
Prev. Exp: Loctite, Sheraton



Tom Fodell, President-Sales, Associated Spring
Joined BGI: 1979
Prev. Exp: Gilco Inc.



Larry O'Brien, VP, Treasurer
Joined BGI: 2001
Prev. Exp: L-3 Communications

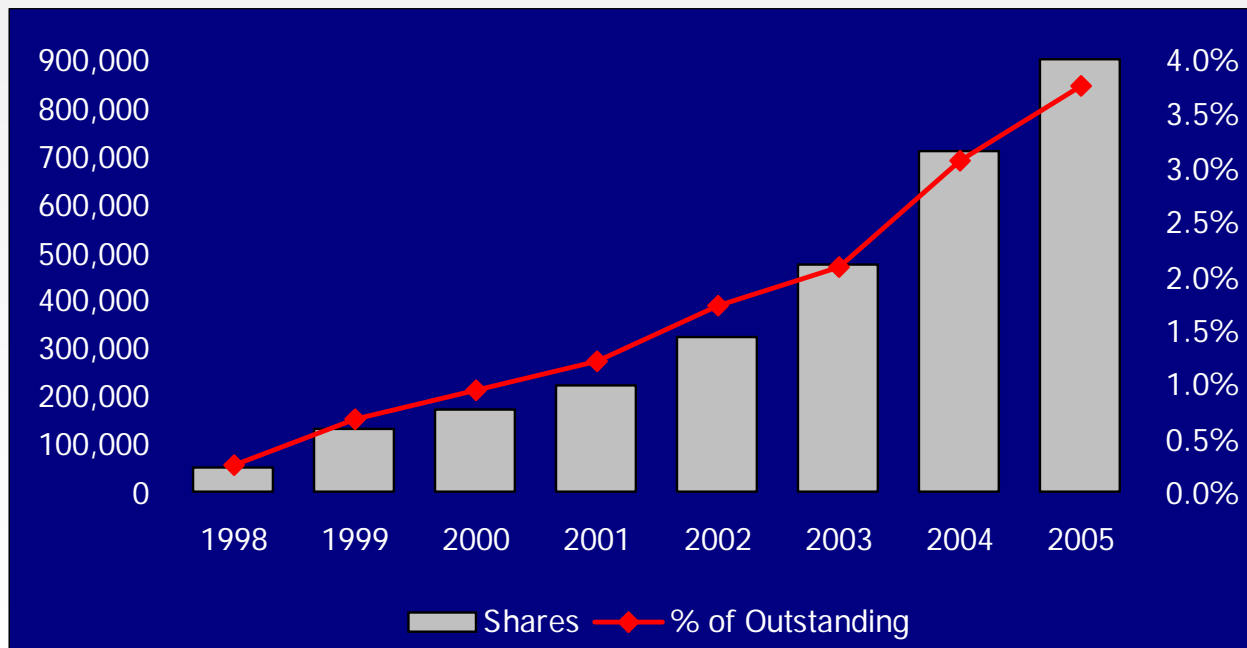
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Management Commitment

Management and shareholder interests are closely aligned.

- In 1999, all executives became subject to stock ownership guidelines, ranging from 1x to 5x annual salary

Shares owned by BGI officers



- Annual cash incentive targets are set through EVA-like measures, or through targets for sales growth and EPS



Business Segments

Balanced and Sustainable Profitable Growth

Barnes Distribution

- International full-service distributor of Maintenance, Repair, and Operating supplies
- One of the largest Distributors in North America
- Provide inventory management and logistic services

Associated Spring

- One of the world's largest manufacturers of precision mechanical and nitrogen gas products
- Products are highly engineered, custom solutions designed and developed from concept to manufacturing
- Global supplier of: nitrogen gas products, valve springs, metal stampings, retaining rings, reed valves, shock discs, and injection molded plastic components

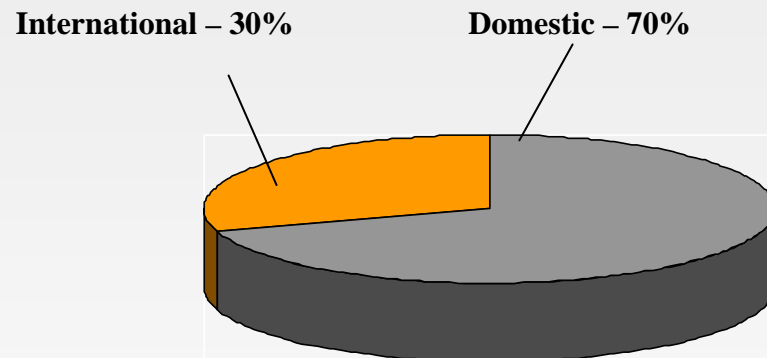
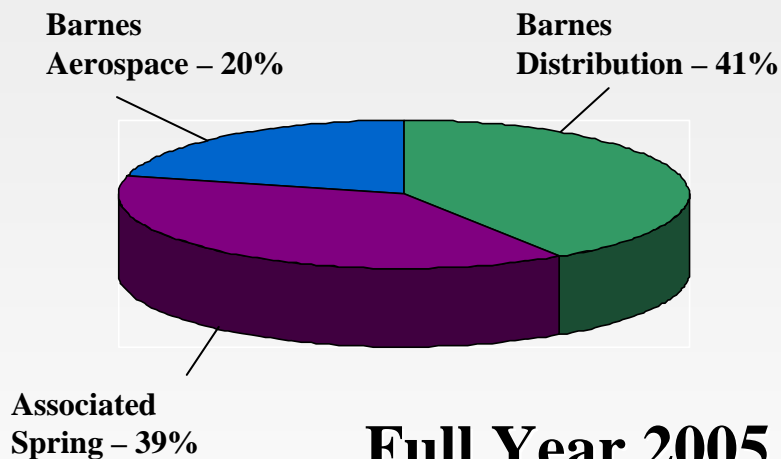
Barnes Aerospace

- Highly specialized manufacturer and repairer of engineered assemblies and components
- Focus on commercial and military aircraft engines and airframes as well as land-based industrial gas turbines

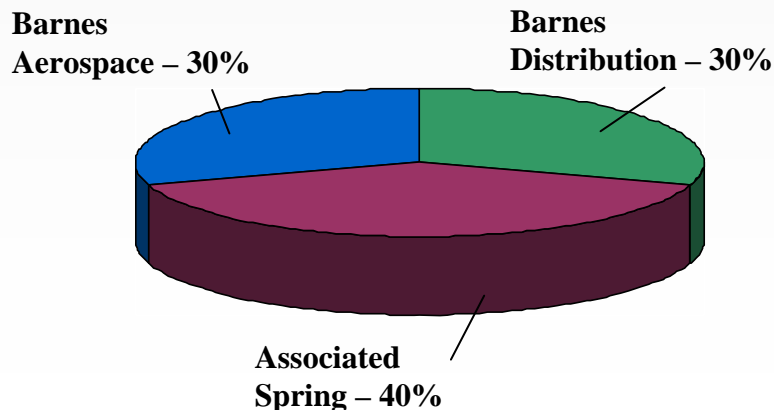


Three Focused Businesses

Full Year 2005 Sales \$1.1 billion



Full Year 2005 Operating Profit \$85 million¹



⁽¹⁾ Please reference the Non-GAAP financial measure reconciliation in the 2005 full year earnings press release.



Growing Global Presence

Over 6,000 employees at more than 60 locations worldwide -- and growing



- Barnes Distribution
- Barnes Distribution Raymond
- Associated Spring
- Barnes Aerospace



Barnes Group Inc.
Highlights

B

Stockholder Actions

- Declared a two-for-one split of the Company's common stock
 - To be effected in the form of a 100% stock dividend
- Increasing quarterly cash dividend to \$0.25 per share on a pre-split basis
 - New quarterly rate will yield an annual dividend of \$1.00 per share on a pre-split basis, compared to the previous annualized dividend of \$0.88
 - 14% increase over prior annual dividend

B Acquisition/Alliance Activity

- Announced agreement to acquire Heinz Hanggi AG of Switzerland
 - A developer and manufacturer of high-precision punched and fine blanked components
 - Combination of cash and Barnes Group stock
 - Expected to close in the second quarter
- Consistent with our focus on acquiring specialty, higher margin businesses
 - Complements Associated Spring's growing product scope and geographic presence, and will leverage our global sales and distribution channels
- Barnes Aerospace entered into 8th aftermarket Revenue Sharing Program (RSP) alliance

B First Quarter 2006 Highlights

- Net Income of \$18.5 million – 61% growth
- 10% sales growth – 13th consecutive quarter of significant sales growth
- Operating margin improvement across all three businesses
- Balanced results across all three businesses with progress that is expected to be sustainable despite seasonal fluctuations



Solid Capital Structure

<i>(\$ Millions)</i>	<u>3/06</u>	<u>12/05</u>	<u>9/05</u>	<u>6/05</u>	<u>3/05</u>
Total Debt	\$ 319	\$ 286	\$ 288	\$ 270	\$ 282
Cash	37	28	32	32	39
Net Debt	<u>\$ 282</u>	<u>\$ 258</u>	<u>\$ 256</u>	<u>\$ 238</u>	<u>\$ 243</u>
Stockholders' Equity¹	<u>\$ 418</u>	<u>\$ 401</u>	<u>\$ 402</u>	<u>\$ 382</u>	<u>\$ 365</u>
Debt/Capitalization	43%	42%	42%	41%	44%
Net Debt/Capitalization	40%	39%	39%	38%	40%

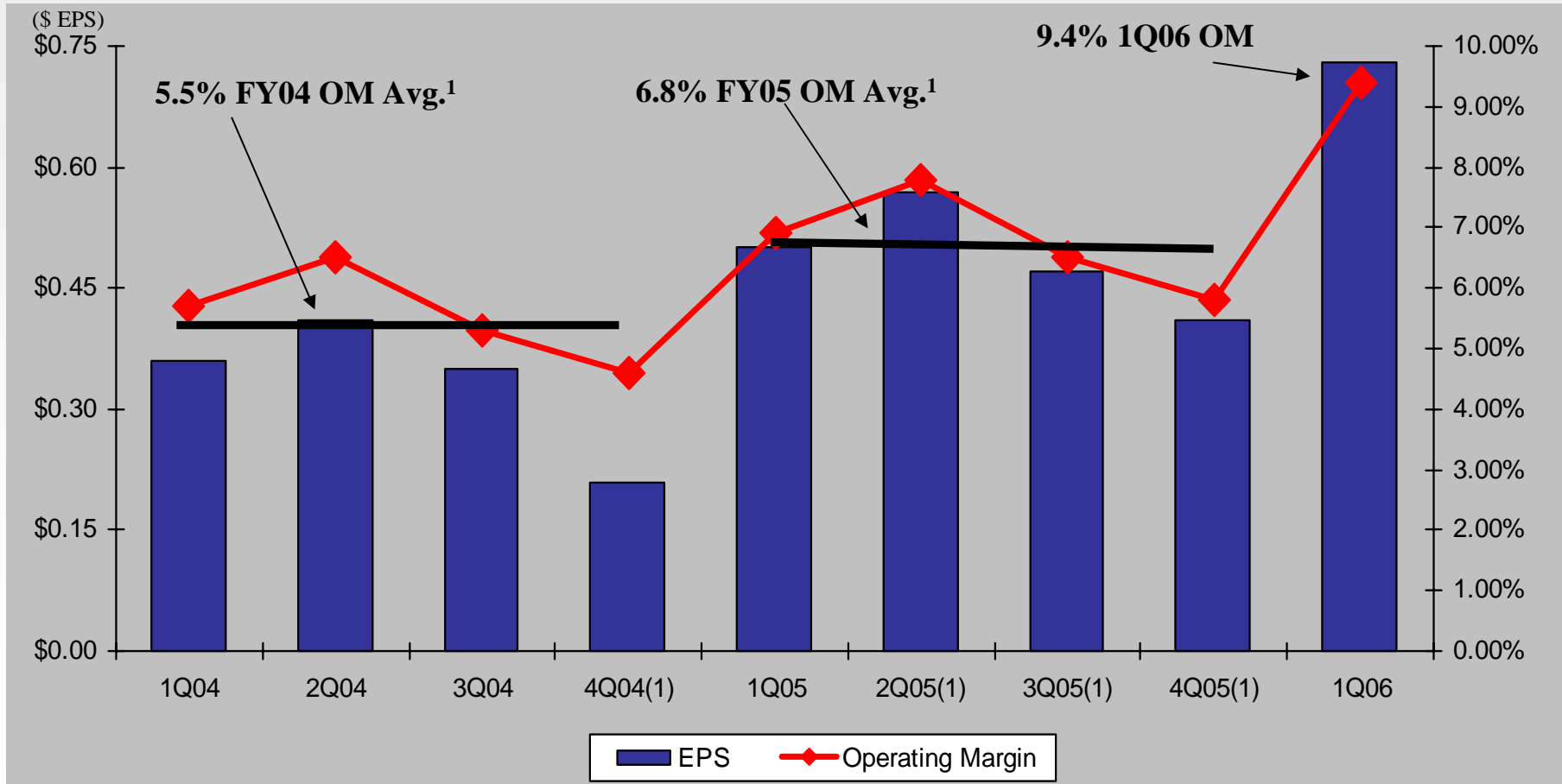
Restrictive Borrowing Covenant 4.0 times Debt/EBITDA
Actual 2.4 times
Borrowing Capacity \$206 million

¹Periods prior to January 1, 2006 are restated to reflect the change in accounting for stock-based compensation in accordance with SFAS 123R.



EPS & Operating Margins

- Substantial progress in raising the bar
- Seasonality impacts quarterly results



(1) Please reference the Non-GAAP financial measure reconciliation in the 2005 full year earnings press release.

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Barnes Distribution

- Top 5 in C-Class Distribution in North American Market;
- Market leader in VMI (Vendor Managed Inventory) - outsourced inventory management
 - Monitors inventory levels, tracks usage, replenishes stock, and provides inventory reporting with limited customer involvement
- Recognized brands & strong private labels
- 1,500 plus direct sales personnel provide scale



The Preferred Choice in Industrial Distribution

1Q06

- Strategic acquisitions and growth initiatives contribute to favorable sales growth
- “Team Selling” driving organic growth, acquisition of new accounts, and improving retention of high quality skilled and technical sales people

2006 Opportunities

- Operational advances and successful acquisition integration
- Leverage international footprint through growth of global distribution network and global purchasing initiatives

B

Associated Spring

- Focused on highly engineered custom products and solutions; limited commodity-type pricing - not a traditional spring company
- Product Development Center provides joint development, rapid prototyping, extensive testing of new products and materials, and shortens lead times for customers
- Specialty operations such as Nitrogen Gas, Seeger, and Precision Valve businesses are positioned for strong profitable growth



Innovation and Engineering at Work

1Q06

- Focus is on profitable sales growth and operating efficiencies
- 9.6% operating margin – 1.7 percentage point improvement
- Acquisitions will further diversify and balance business portfolio

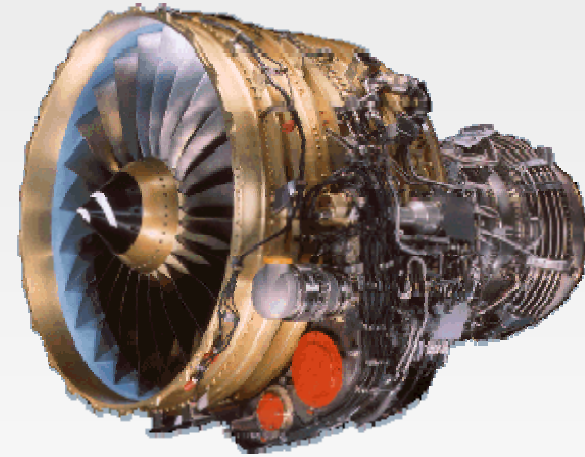
2006 Opportunities

- Streamlining production and improving domestic spring operations
- Adding high growth products, services, and capabilities

B

Barnes Aerospace

- Specialized manufacturer and repairer of engineered components and assemblies
- Produce critical engine and airframe parts through technically advanced processes for original equipment manufacturers (OEMs). Expertise includes:
 - Machining large complex parts
 - Special fabrication processes such as super-plastic forming
 - Utilizing metals such as titanium, inconel, cobalt and other 'difficult' alloys
- Aftermarket repair work specializes in the refurbishment and repair of jet engine components for many of the world's largest airlines and the U.S. military



Superior Solutions

1Q06

- Increasing capacity through investments in technology
- Manufacturing operations in Singapore expanded
- Continued growth in the aftermarket business

2006 Opportunities

- Capitalize on strong industry fundamentals including continued growth in the Aftermarket
- Leverage products and technologies and enhance balanced portfolio strategy
- Increase the level of content on strategic engine platforms



BGI Organic Growth Drivers

- Leverage core strengths to reach growing markets
 - Barnes Distribution
 - Corporate accounts
 - Tier II relationships
 - Infrastructure markets
 - New products, including mechanical struts
 - Associated Spring
 - Nitrogen gas products
 - Barnes Precision Valve - reed valves and shock discs
 - Seeger-Orbis - retaining rings and snap rings
 - Barnes Aerospace
 - GE-90 engine
 - Aftermarket investments
 - Military programs
 - Industrial gas turbines

B

Acquisitions

- Entered into 12 acquisitions, including Heinz Hanggi, since 1999
- Aerospace Revenue Sharing Program (RSP) established strong strategic alliance
- Demonstrated ability to successfully integrate acquisitions
- Seeking bolt-on acquisitions to complement existing businesses with:
 - New technology or products
 - Increased market share
 - A broader geographic customer reach
 - An experienced management team
- Expect to be acquirers going forward



Acquisition History

- **Acquisitions¹ acquired for approx. \$476 MM with sales of approximately \$438 MM**
- **Aerospace Revenue Sharing Program (RSP) commitment of \$156 MM**

Business Acquired	Date	Related Barnes Business Unit	Rationale
1 Teledyne Nitrogen Gas Spring	1999	Spring	High-end product line targeted at the metal forming industries
2 Curtis Industries	2000	Distribution	Management team/synergies
3 Kratz-Wilde/Apex	2000	Aerospace	Strengthen position in jet engine technology
4 Euro Stock Springs	2001	Distribution	Improve catalog distribution capabilities in Europe
5 Forward Industries	2001	Spring	Expand nitrogen gas products
6 Seeger-Orbis	2002	Spring	Expand product offering and geographic scope
7 Spectrum Plastics	2002	Spring	Strengthen plastic products capabilities
8 Kar Products	2003	Distribution	Salesforce/synergies
9 DE-STA-CO Manufacturing	2004	Spring	Expanded presence in the growing reed valve marketplace, while increasing international manufacturing footprint
10 Toolcom Supplies Ltd.	2005	Distribution	Expand product offering and geographic scope, particularly in the United Kingdom
11 Service Plus Distributors	2005	Distribution	Product expansion for Raymond Specialty Distribution
12 Heinz Hanggi AG	2006	Spring	Strengthen precision punching and fineblanking; leverage global sales and distribution networks

¹ Heinz Hanggi AG acquisition announced on March 15, 2006 and has not closed.

B Investment Considerations

- Continued organic growth and strong operational performance in all three businesses
- Strategic initiatives and external market factors provide the framework for successful 2006
- Disciplined financial and capital management
- Continue to deploy cash to fund growth opportunities – cap-ex for capacity, aftermarket RSPs, and bolt-on acquisitions
- Demonstrated track record of generating balanced and sustainable profitable growth



2006 Outlook

2006 will reflect solid top-line revenue growth and expansion of operating margins across all of our businesses.

Full Year

2005	2006	EPS Growth	
EPS Adjusted^{1,2}	EPS Outlook¹	\$	%
\$1.95	\$2.55 - \$2.65	\$0.60 - \$0.70	31% - 36%

⁽¹⁾ Adjusted for SFAS No. 123R

⁽²⁾ Please reference the Non-GAAP financial measure reconciliation in the 2005 full year earnings press release.



Barnes Distribution Overview



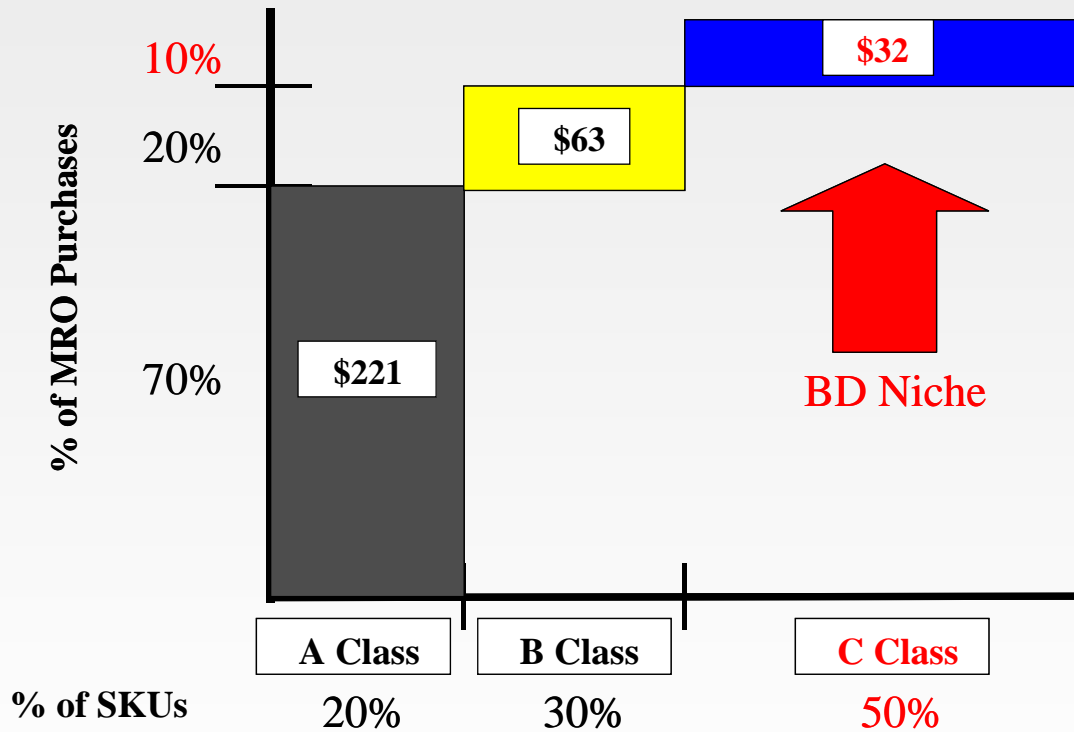
Barnes Distribution

- One of the 20 largest North American industrial products distributors
 - MROP supplies
 - Die and standard springs
 - Security products
- Vendor-managed inventory (VMI) sales model
 - Sales force of roughly 1,500 sales representatives in North America
- Over 100,000 regularly-stocked items
- Diversified customer base with over 150,000 customers
- Well-recognized private label brands
 - *Bowman®*
 - *Kar® Products*
 - *Raymond®*
 - *Motalink*
 - *Curtis®*
 - *Autoliasions*
 - *Mechanics Choice®*
- Third-party brands
 - *3M, Loctite, Stanley, etc.*

B

MRO - Market Segmentation

(\$ Billions)



A Class
Items over \$200 per item
(fans, welders, generators)

B Class
Items \$25 - \$200 per item
(motors, power tools)

C Class
Less than \$10 per selling unit (box of fasteners, bag of washers)

C Class Products:

- Consumed in small quantities
- Expensed, not taken into inventory
- Industry-wide involves millions of Stock Keeping Units (SKUs)
- Critical to uptime and productivity
- Immediately available

B

MRO – Market Segmentation

- Competitive position and advantage is for C-class products in the MRO market within infrastructure industries

<u>Markets</u>	<u>Product Focus</u>		
	"A" Class	"B" Class	"C" Class
MRO Transportation			BDNA Lawson
MRO Industrial	Grainger MSC	Grainger MSC Fastenal	BDNA Lawson MSC Grainger Fastenal
MRO Construction	Grainger	Grainger Fastenal	Grainger Fastenal
OEM		Fastenal	BDNA Lawson Fastenal

B

Barnes Distribution



Fasteners



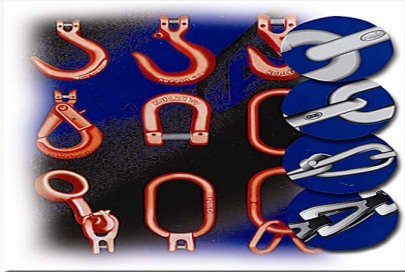
Tools & Abrasives



Vehicle Hardware



Safety Supplies



**Material Handling/
Hardware/Rubber**



**Maintenance &
Shop Supplies**



Fittings & Hoses



Security Products



Chemicals



Electrical

B

Barnes Distribution



Vendor Managed Inventory

- Inventory Management Services (VMI)
- Controlled inventory through customer min / max levels
- Dedicated sales / service team
- The automated solutions used by our sales employees to streamline inventory management and order processes



Barnes Distribution

BARNES DISTRIBUTION
A Full Range of Servicing Options

Catalog E-Commerce Direct Ordering Barnes System Servicing Customized Servicing Tier II

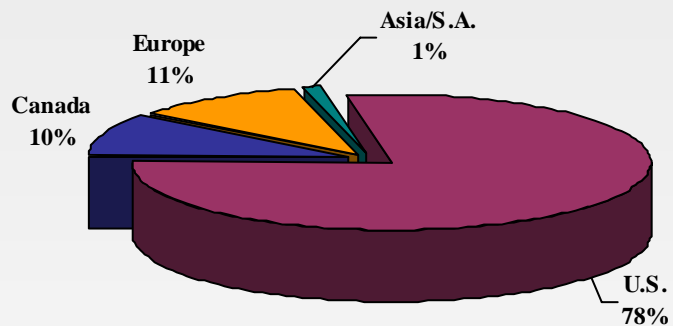
TRANSACTION PRODUCTIVITY
LEVEL OF SERVICE COST REDUCTION/ELIMINATION

The ideal provider of MRO parts and services, Barnes Distribution is dedicated to customer partnerships that emphasize cost efficiency, flexible problem solutions, waste reduction, and customer service.

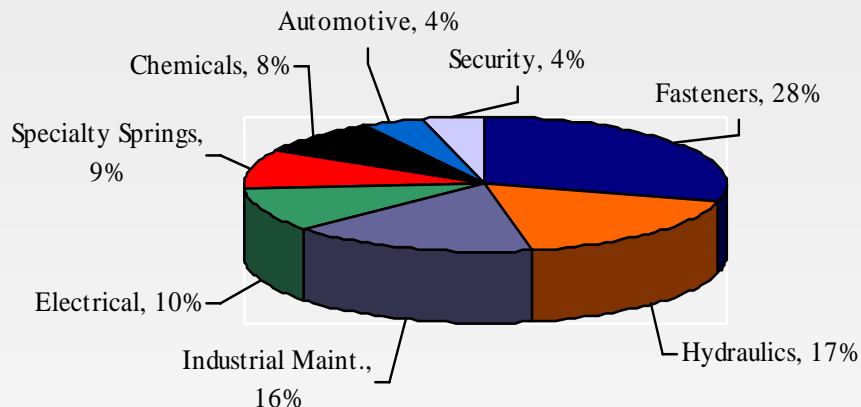


Barnes Distribution

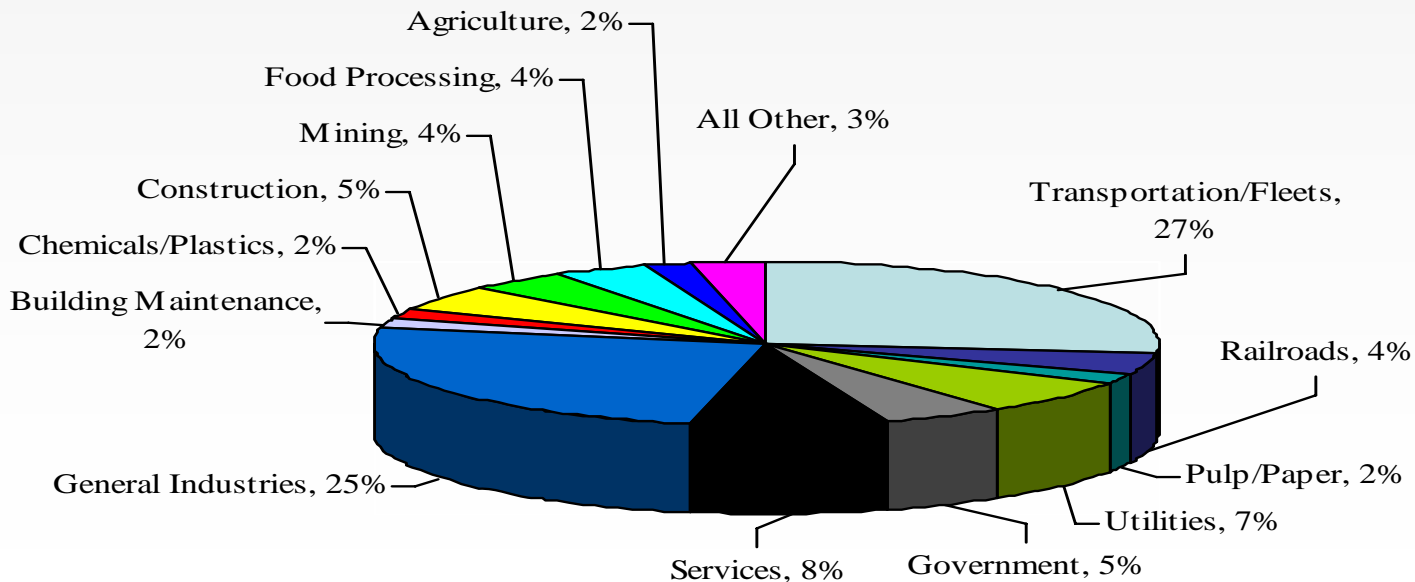
Sales by Geographic Region



Product Mix



Key North American Customer Segments



Note: Information is based on full-year 2005 results.



Barnes Distribution

Value Proposition

To Customers

- Top C-Class provider
- Product range to be a preferred supplier to target markets
- VMI model provides outsourced inventory management
 - Monitors inventory levels
 - Tracks usage
 - Replenishes stock
 - Provides inventory reporting with limited customer involvement
- Alternative models include CMI and e-commerce
 - Differentiated by customer contact
- 1,500 plus direct sales personnel
 - Provide scale
 - Total North American coverage

To Investors

- Top 20 player in highly fragmented \$300B North American market
 - Top 5 in C-Class
 - Market leader in VMI
- Widely recognized brands and strong private labels
- Longer-term, highly-integrated customer relationships
 - Focus on infrastructure customers
- Aggressive global sourcing initiatives
- Internal growth through Corporate Accounts, Tier II and e-business initiatives



Barnes Distribution

BD North America and European Facilities

- Atlanta, Georgia
- Dallas, Texas
- Edison, New Jersey
- Elizabethtown, Kentucky
- Hanover Park, Illinois
- Reno, Nevada
- Shelbyville, Kentucky
- Beamsville, Ontario
- Corsham, United Kingdom
- Edinburgh, Scotland
- Edmonton, Alberta
- Elancourt, France
- Moncton, New Brunswick
- Montreal, Quebec

Competitive Advantages

- Large dedicated national sales and service organization
- Strong customer relationships at the local and customer levels
- High proactive customer contact
- Intricate and well developed supply chain and fulfillment model

Raymond Distribution

- Bristol, Pennsylvania
- Buena Park, California
- Corry, Pennsylvania
- Ypsilanti, Michigan
- Burlington, Ontario
- Campinas, Brazil
- Evesham, England
- Monterrey, Mexico
- Shanghai, China
- Singapore
- Trappes, France
- Victoria, Spain

Key Competitors

- Lawson: LAWS
- Fastenal: FAST
- Grainger: GWW
- MSC: MSM



Associated Spring Overview



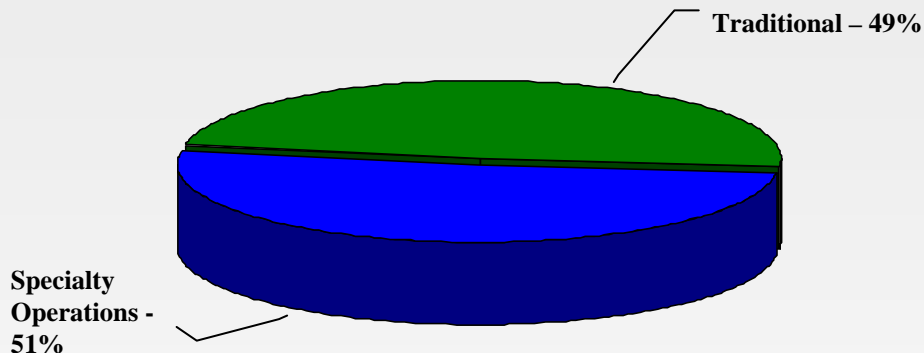
Associated Spring

- The largest precision mechanical components and nitrogen gas products manufacturer in North America, and among the largest in the world
- Manufacturing capability
 - Manufacturing operations on four continents – North America, South America, Europe, and Asia
 - More than 55,000 separate parts and more than 17,000 different customers
- Nearly all its products are highly engineered custom solutions
 - Limited commodity-type pricing
 - Product Development Center provides joint development, rapid prototyping, extensive testing of new products and materials, and shortens lead times for customers
- Specialty operations such as Nitrogen Gas, Seeger-Orbis, and Precision Valve businesses are positioned for strong profitable growth

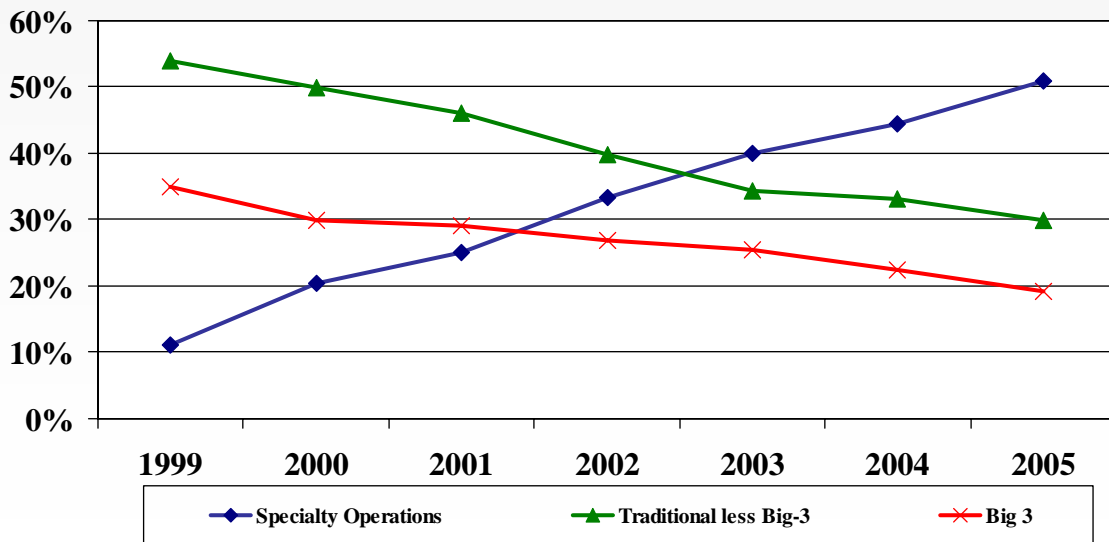


Associated Spring

Business Mix



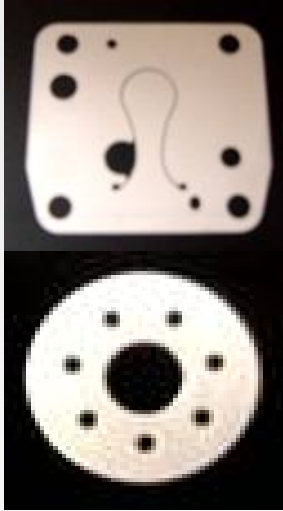
Percent of Associated Spring Total Sales



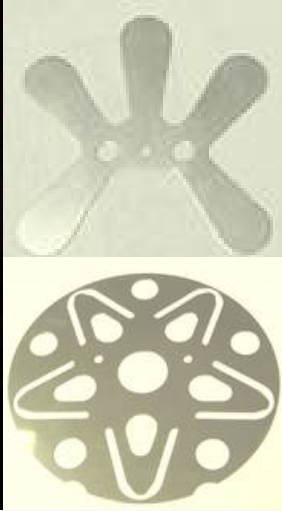
- Associated Spring has a global and diverse customer base
- Specialty operations are now more than half of Associated Spring's revenue base
- Big 3 direct light vehicle sales concentration is now approximately 19%, down from 35% in 1999, and only 7% of total company sales, down from 16%.

B

Associated Spring



**Barnes Precision Valve –
Reed Valves and Shock Discs**



**Seeger-Orbis –
Retaining and Snap Rings - -
“Seeger” rings**



**Nitrogen Gas Products -
Top Brands: Kaller, Hyson, Forward, Raymond**



Traditional Springs

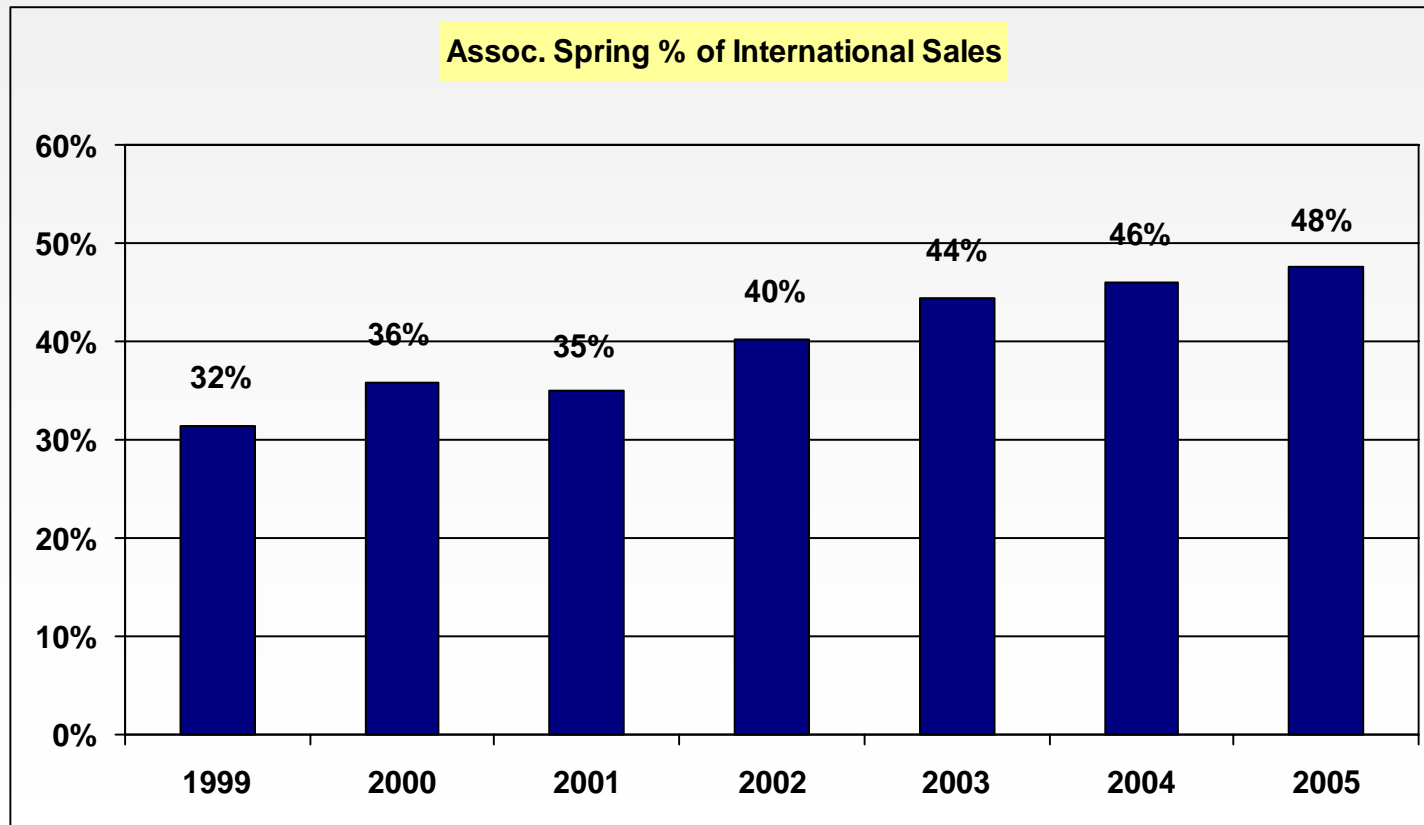


Spectrum Plastics



Associated Spring

- Importance of international plants continues to grow as customers shift production to lower-cost markets
- Associated Spring has built competitive advantage by operating manufacturing facilities outside the U.S. in 9 countries





Associated Spring

Value Proposition

To Customers

- Product breadth
- Highly engineered custom solutions
- Unique Product Development Center (PDC)
- In-depth customer involvement from development stage
- Global sourcing to international customer base

To Investors

- Largest in estimated \$1.9B North American market
- Scale provides significant competitive advantage
- Diversified beyond transportation end market
- Positioned to win business at the early stages of product life cycle
- Growth in nitrogen gas products, reed valves, and retaining rings



Associated Spring

Manufacturing Facilities

United States:

- Ansonia, Connecticut
- Brecksville, Ohio
- Bristol, Connecticut
- Central Lake, Michigan
- Corry, Pennsylvania
- Milwaukee, Wisconsin
- Plymouth, Michigan (PDC)
- Saline, Michigan
- Sterling Heights, Michigan
- Syracuse, New York
- Troy, Michigan

International:

- Bangkok, Thailand
- Burlington, Ontario
- Campinas, Brazil
- Hoddesdon, England
- Königstein, Germany
- Mexico City, Mexico
- Monterrey, Mexico
- Republic of Singapore
- Tianjin, China
- Tranäs, Sweden

Competitive Advantages

- Global manufacturing and purchasing power
- Superior technological capabilities
- Full-scale product development and volume production capabilities

Key Competitors

- Peterson American
Private, Michigan
- Mubea
Private, Germany
- Scherdel
Private, Germany
- Istringhausen
Private, Germany
- NHK
Public, Japan
- Chuo Spring
Public, Japan



Barnes Aerospace Overview

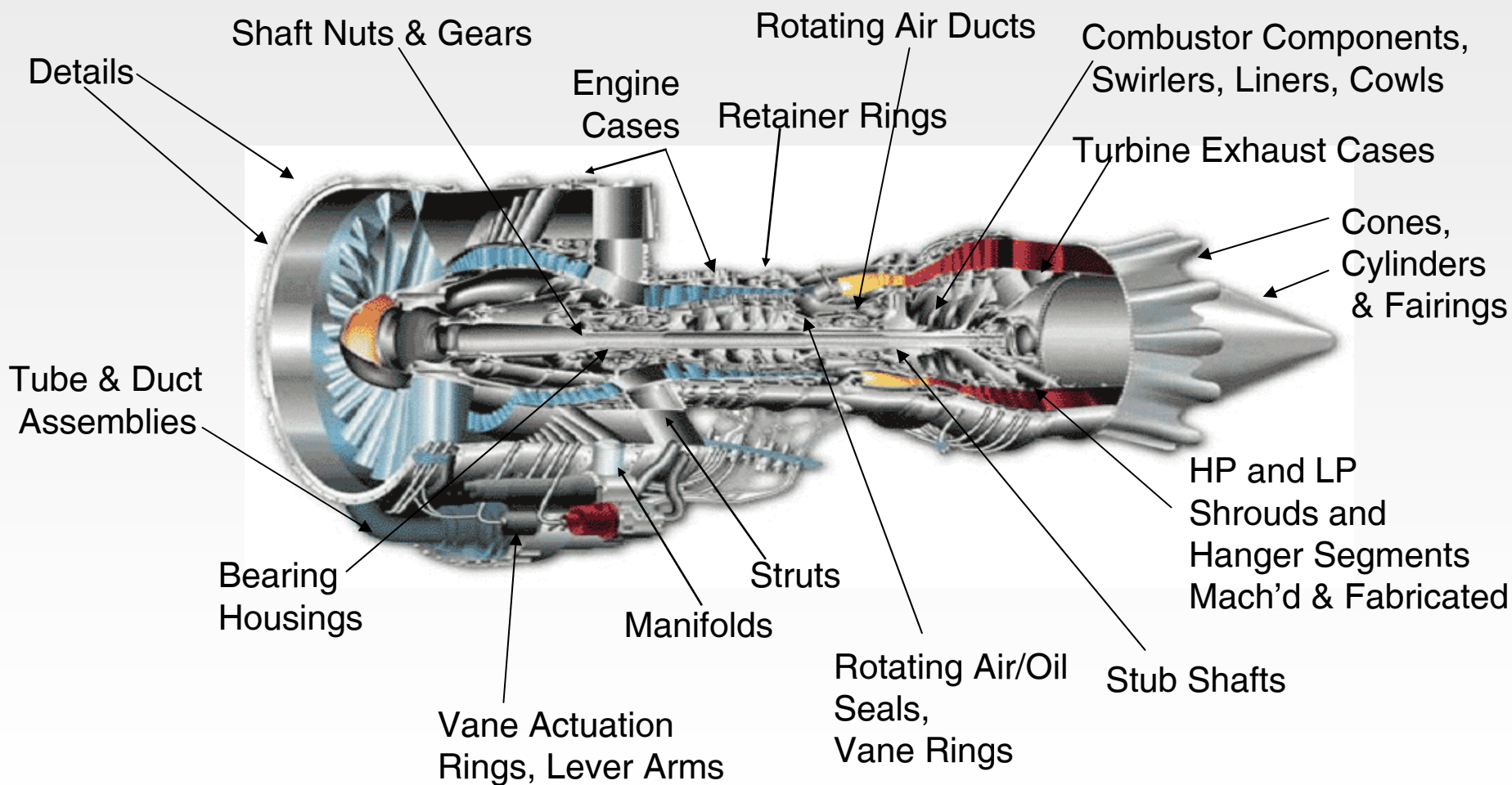


Barnes Aerospace

- Specialized manufacturer and repairer of engineered components and assemblies
- Produce critical engine and airframe parts through technically advanced processes for original equipment manufacturers (OEMs). Expertise includes:
 - Machining large complex parts
 - Special fabrication processes such as super-plastic forming
 - Utilizing metals such as titanium, inconel, cobalt and other 'difficult' alloys
- Aftermarket repair work specializes in the refurbishment and repair of jet engine components for many of the world's largest airlines and the U.S. military

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Barnes Aerospace - Engine

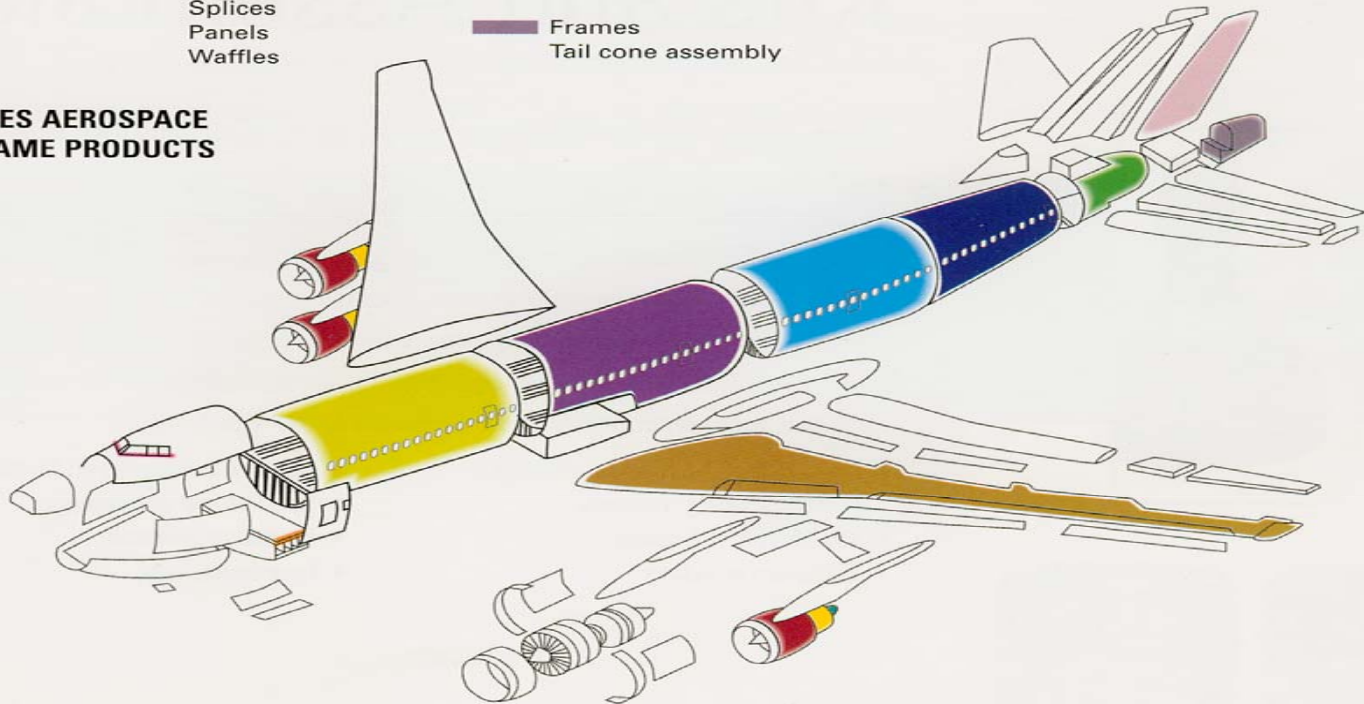


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Barnes Aerospace - Airframe

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> ■ Doors ■ Skins ■ Covers ■ Fairings ■ Housing units ■ Panels ■ Waffles ■ Brackets ■ Clips ■ Angles ■ Access doors ■ Beams | <ul style="list-style-type: none"> ■ Ducts ■ Webs ■ Scoops ■ Mounts ■ Heat shields ■ Inlet duct assembly ■ Bird strike doublers ■ Firewalls ■ Bulkheads ■ Splices ■ Panels ■ Waffles | <ul style="list-style-type: none"> ■ Aft cowls ■ Hub & shaft assemblies (APU) ■ Thresholds ■ Closeout tip ribs ■ Exhaust nozzles ■ Heat shields ■ Hub & shaft assemblies (starters) ■ Frames ■ Tail cone assembly | <ul style="list-style-type: none"> ■ Vent screens ■ APU access doors ■ APU ducts ■ Ram air heat exhaust exchange ■ Telescoping ducts ■ Plenum assembly ■ Telescopic ducts ■ Flap skew assemblies ■ Flap drive motors (shafts) |
|--|--|--|--|

BARNES AEROSPACE AIRFRAME PRODUCTS



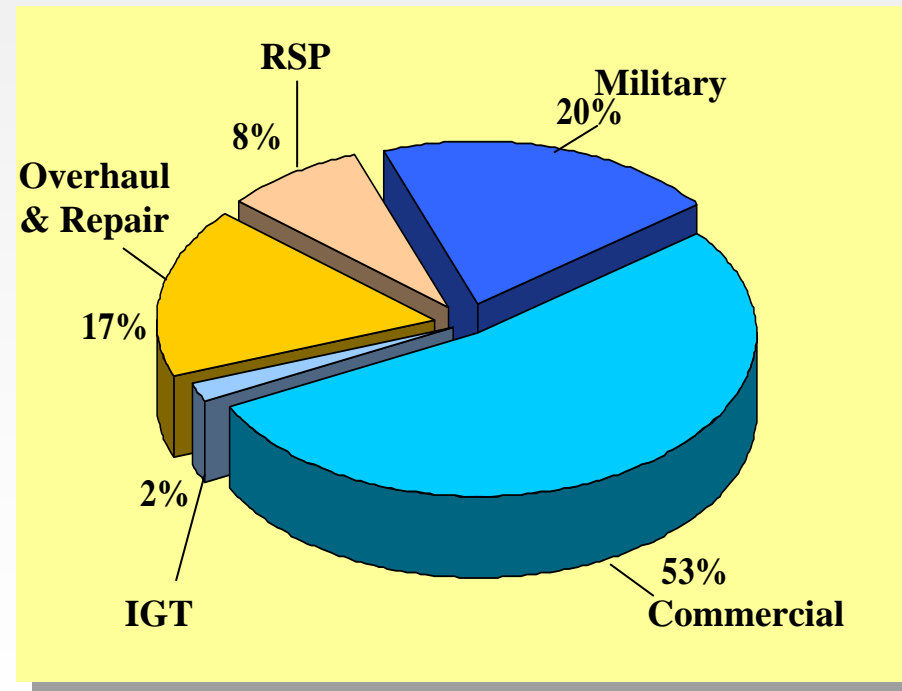
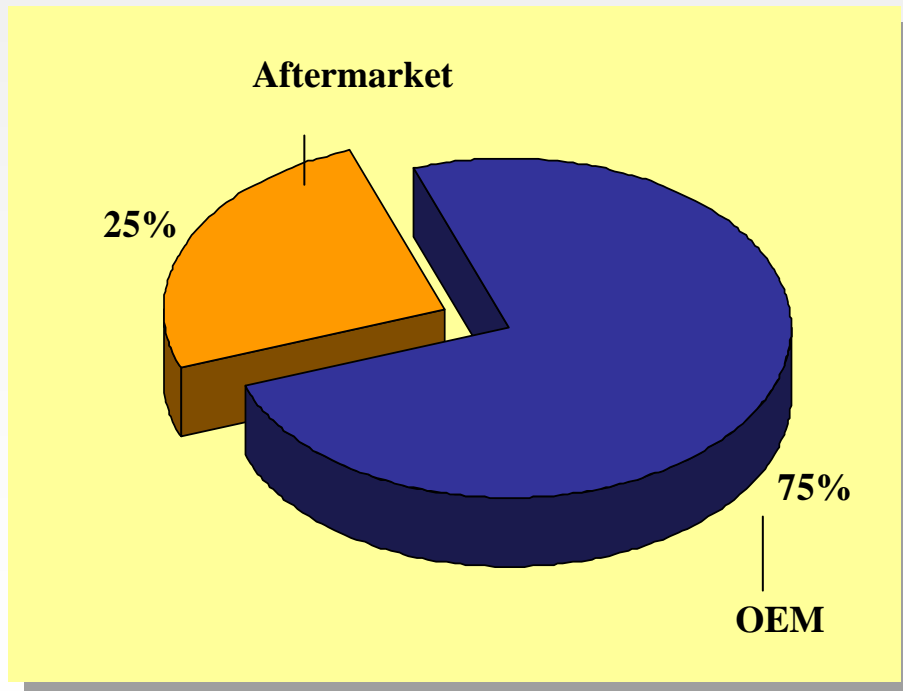


Barnes Aerospace Sales Mix

Net Sales Mix

Full Year 2005 Net Sales \$235 MM

- Continue to focus on portfolio diversification for balanced and sustainable growth



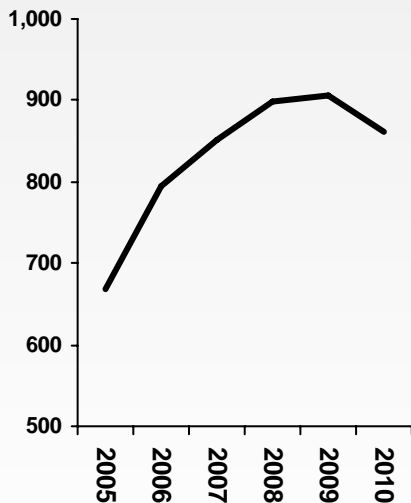


Market Trends

- The recovery has been strong across our industry segments with continued growth projected for the next several years.

Commercial

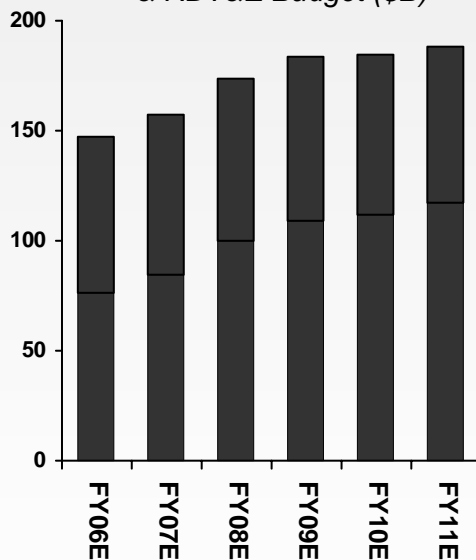
Boeing & Airbus Delivery Projections



- Record orders in '05
- Strong growth driven by Asia and new platforms (787, A380)
- '08-'09 peak delivery forecasts – based on average industry research estimates

Military

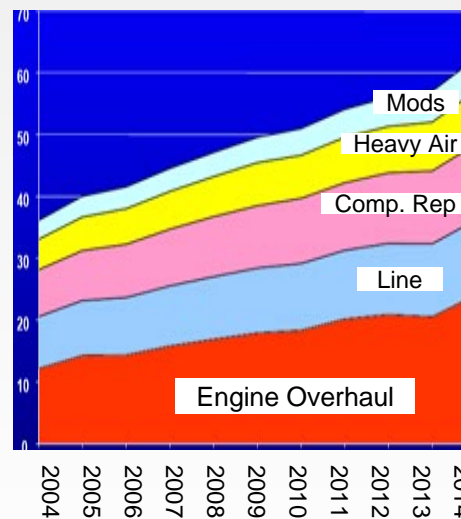
U.S. Military Procurement & RDT&E Budget (\$B)



- Continued growth in U.S. military procurement projected
- Strong growth projected for aircraft purchases
- Solid spares spending with continued operations

Aftermarket

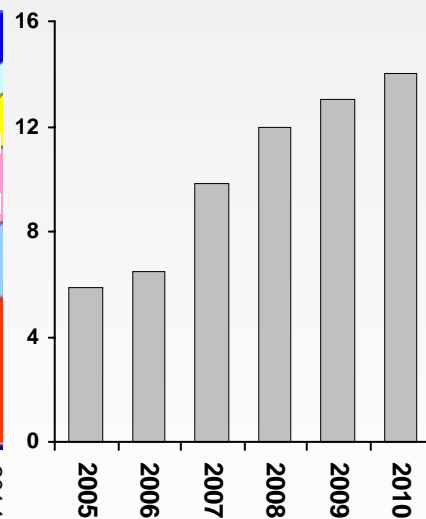
Global Commercial Aftermarket (\$B)



- Growth of 5-6% projected tied to growth of overall fleet
- Engine overhauls at 7+% growth through '14
- OEM's projected to continue to dominate with 50+% share of engine o/hs'

IGT

Global IGT Gas Turbine Market Forecast (\$B)



- Recovery from '01 downturn
- Growth driven by emerging markets (China, India, etc)
- Modest growth in Europe



Barnes Aerospace - OEM

Commercial

- Well positioned to serve the current and next-generation needs of all airframe and engine manufacturers -- Significant participation on Boeing 777
 - GE90 engine - exclusive engine for Boeing 777-300ER, 200LR, and 777F
 - Approximately 228 777-300ER, 200LR, 777F aircraft on order through March 2006; Barnes Aerospace content is approximately \$1.5 million per aircraft
- Backlog of \$275 million continues to grow

Military

- Engine and airframe content on a variety of military platforms: F-22 Raptor, V-22 Osprey, F-35 JSF, F-18 Hornet, F-16 Falcon Fighter, M1A1 Tank, AH-64 Apache Attack Helicopter, CH-47 Chinook, etc.
- Continuing to build a Source Approval Request (SAR) library to increase direct to Government military business

IGT

- Industrial Gas Turbine opportunities are part of overall diversification strategy
- Sales, orders, and backlog continue to improve as our positioning with larger megawatt units strengthens
- Seek to build on early successes as an entry to production and aftermarket organizations



Commercial Growth Drivers

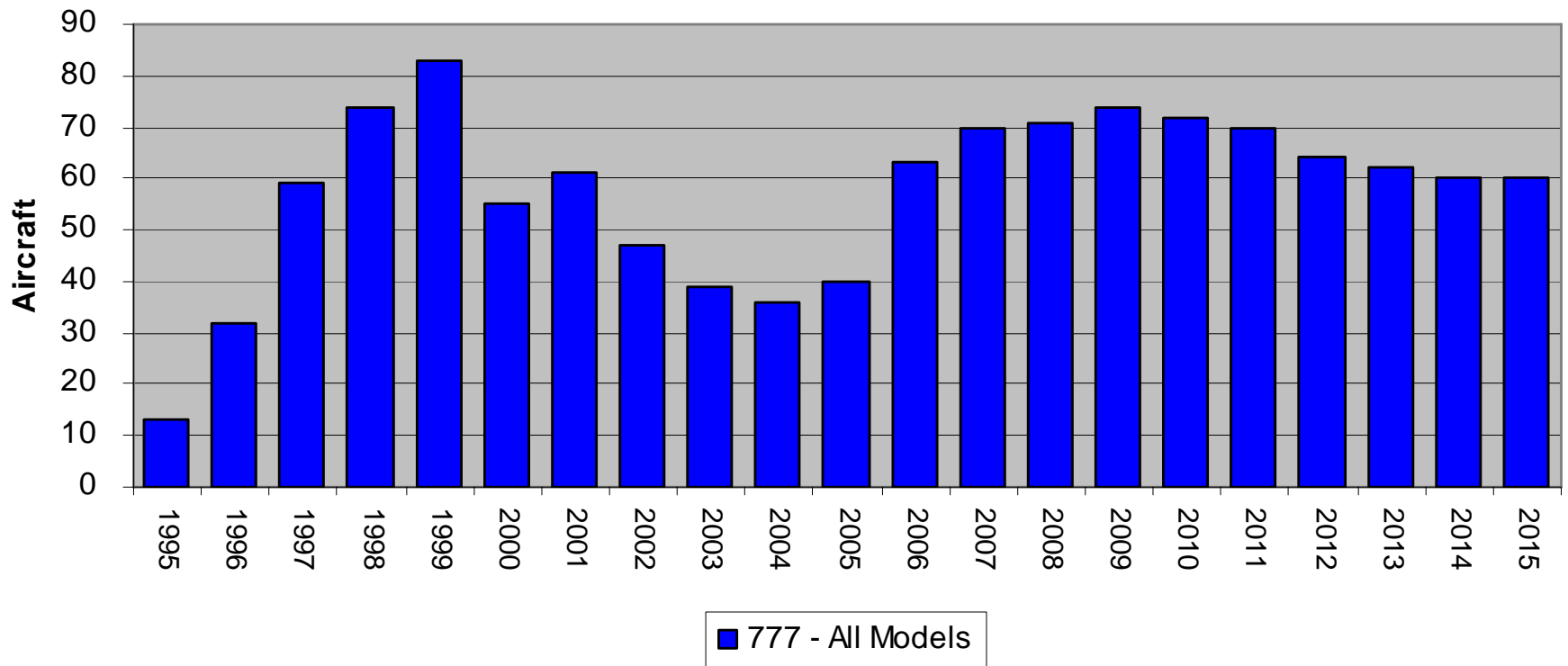
	Planes on Order	Est. Planes with Key Engines ¹	Engines Per Plane	Approx. Content Per Plane	Est. Production per Month
Boeing 777	271	228	2	≈\$1.5M	5 - 7
Boeing 787	345	108 to 260	2	≈\$500K	1 st Delivery in 2008

¹ Key engines refer to the GE-90 for the Boeing 777 and the GENx for the Boeing 787



Boeing 777

777 History and Forecast 1995 - 2015



Order and Capacity Increases Generating Higher Levels of Production



Barnes Aerospace - Aftermarket

MRO

- Maintenance Repair & Overhaul services specialize in refurbishment of jet engine components as well as repair services
- Business has shifted due to changing market from:
 - Airline and independent customers to major OEMs
 - JT9D – P&W focused shop to broader set of engines (CFM, Trent, etc.)
 - Single-commodity case shop to multi-product gas-path capabilities

RSP

- Exclusive rights to provide spare parts for specific families of engines for the remaining life of the engine program
- Aftermarket RSP agreements increase the ratio of aftermarket/OEM work within Barnes Aerospace, reducing the effect from commercial aerospace market cycles
- Total commitment for the Revenue Sharing Programs (RSPs) of \$156 million
- Investment accounted for as an intangible asset, amortized over life of engine program (estimated at 20-30 years)
- Expect attractive IRR from the programs; a dramatic operating profit leverage relative to reported net sales

B

Aftermarket Growth Drivers

- Airline traffic expansion continues, driving repair demand
- Aftermarket RSPs position Barnes Aerospace on both major airframe manufacturers (Boeing and Airbus)
- CFM56 shop visits continue to grow as B737 and A320 installed base continues to grow
 - Record 574 net new orders for the B737 during 2005
 - A320 family is a best seller for Airbus
- CF6 is comprised of 5 models installed on 10 aircraft types
 - CF6-80C2 is the largest single engine in the market
- Barnes Aerospace's component repair business is growing on CFM56 and Roll Royce's Trent platforms



Barnes Aerospace

Value Proposition

To OEM Customers

- Concurrent design capabilities
- Technical capabilities – advanced processes and “difficult” alloys
- On-site presence with major OEMs
- Provide kits and assemblies

To Aftermarket Customers

- Rapid turnaround time
- Complete large, complicated repairs
- Defer replacement purchases

To Investors

- Scale and expertise to manage through industry cycles
- Supplier on leading engines (GE 90 and GEnx)
- Significant and increasing portfolio diversification
- Participation in design stage positions us as long-term supplier
- High leverage to cyclical recovery
- Aftermarket RSPs provide significant long-term bottom line contribution



Barnes Aerospace

Manufacturing Facilities

OEM Engine/Airframe:

- Lansing, Michigan
- Ogden, Utah
- Phoenix, Arizona
- West Chester, Ohio
- Windsor, Connecticut
- Singapore

Aftermarket/O&R:

- East Granby, Connecticut
- Singapore
- West Chester, Ohio

Competitive Advantages

- Global manufacturing and purchasing power
- Expertise and technological capabilities in complex machining and fabrications
- Extensive and economical approved repair techniques

Key Competitors

- Ducommun: DCO
- Ladish Company: LDSH
- Magellan: MAL.TO
- Sequa Corp.: SQA
- Triumph Group: TGI
- Smiths Group: SMIN
- Heroux-Devtek: HRX

- OEM In-House Ops



**Financial
Appendix**



Financial Highlights

	<u>3 Months</u>		<u>% Inc. (Dec.)</u>
	<u>2006</u>	<u>2005¹</u>	
<i>(\$ Millions)</i>			
Sales	\$299.9	\$273.7	10
Cost of Sales	190.6	175.7	9
Selling & Admin Exp.	81.1	78.9	3
Operating Income	28.1	19.0	48
Operating Margin	9.4%	6.9%	2.5 pts
Other Inc/(Exp) – Net	0.3	0.1	NM
Interest Expense	4.4	4.2	5
Income Before Taxes	<u>\$23.4</u>	<u>\$14.7</u>	59

NM = Not Meaningful

¹ Periods prior to 1/1/06 restated to reflect the change in accounting for stock-based compensation in accordance with SFAS 123R.



Financial Highlights

	<u>3 Months</u>		<u>% Inc. (Dec.)</u>
	<u>2006</u>	<u>2005¹</u>	
<i>(\$ Millions, except per share)</i>			
Income Before Taxes	\$23.4	\$14.7	59
Income Taxes	5.0	3.2	53
Effective Tax Rate	21%	22%	1 pt.
Net Income	\$18.5	\$11.5	61
EPS – Diluted	\$0.77	\$0.49	57
Avg. Diluted Shares O/S	25.4	23.9	6

¹ Periods prior to 1/1/06 restated to reflect the change in accounting for stock-based compensation in accordance with SFAS 123R.



Financial Highlights

(\$ Millions)	3 Months		Inc. (Dec.)	
	2006	2005 ¹	\$	%
Sales				
Barnes Distribution	\$124.4	\$113.6	10.8	10
Associated Spring	111.0	109.5	1.5	1
Barnes Aerospace	66.9	53.7	13.3	25
Inter-segment Sales	(2.4)	(3.1)	0.6	20
Total	<u>\$299.9</u>	<u>\$273.7</u>	26.1	10
Operating Profit				
Barnes Distribution	\$9.0	\$5.2	3.8	74
Operating Margin	7.2%	4.5%		
Associated Spring	10.6	8.6	2.0	23
Operating Margin	9.6%	7.9%		
Barnes Aerospace	8.5	5.2	3.3	63
Operating Margin	12.8%	9.8%		

¹ Periods prior to 1/1/06 restated to reflect the change in accounting for stock-based compensation in accordance with SFAS 123R.

B

Additional Information



Reconciliation information for net income and certain other measures that may be disclosed to relevant GAAP measures is contained in the quarterly press release tables or the slides that follow. The press release and this presentation are available via the Barnes Group Investor Relations Web site at:

www.barnesgroupinc.com



2005 Non-GAAP Financial Measure Reconciliation

Following is a reconciliation of results excluding certain adjustments to the Company's reported results:

	March 31, 2005	Three months ended		December 31, 2005	Full year 2005
	<u> </u>	June 30, 2005	September 30, 2005	<u> </u>	<u> </u>
Net income per common share - diluted, as previously reported	\$ 0.54	\$ 0.77	\$ 0.70	\$ 0.47	\$ 2.48
Impact of adoption of SFAS No. 123R (see note 1)	<u>(0.06)</u>	<u>(0.05)</u>	<u>(0.08)</u>	<u>(0.08)</u>	<u>(0.27)</u>
Net income per common share - diluted, as restated	0.48	0.72	0.62	0.39	2.21
Cumulative effect of change in accounting principle (see note 2)	-	-	-	0.02	0.02
Accounts payable adjustment (see note 3)	-	-	(0.05)	-	(0.05)
Singapore tax benefit - prior year (see note 4)	-	-	(0.06)	-	(0.06)
Singapore tax benefit - reclassification (see note 4)	0.02	0.02	(0.04)	-	-
Gain on sale of NASCO (see note 5)	<u>-</u>	<u>(0.17)</u>	<u> </u>	<u>-</u>	<u>(0.17)</u>
Net income per common share - diluted, excluding cumulative effect of change in accounting principle and adjustments	<u>\$ 0.50</u>	<u>\$ 0.57</u>	<u>\$ 0.47</u>	<u>\$ 0.41</u>	<u>\$ 1.95</u>



2005 Non-GAAP Financial Measure Reconciliation (cont.)

Notes: The Company has presented certain per share financial measurements, excluding the cumulative effect of a change in accounting principle, a positive adjustment related to accounts payable, certain retroactive tax benefits and the gain on the sale of NASCO as follows:

- 1) The Company grants stock options and other equity-based compensation to its employees. Prior to January 1, 2006 the Company disclosed the pro forma effect of compensation expense had the Company applied the provisions of SFAS No. 123 in the footnotes to its financial statements. Under SFAS No. 123R "Share-Based Payment," which the Company adopted on January 1, 2006, the Company records this compensation expense in its results of operations. The Company utilized the modified retrospective method of application which resulted in the restatement of prior period amounts as indicated.
- 2) In the fourth quarter of 2005, the Company adopted FIN No. 47 "Accounting for Conditional Asset Retirement Obligations" resulting in a charge of \$391, or \$0.02 per diluted share, net of taxes.
- 3) As part of management's on-going internal control assessment, during the third quarter of 2005, the Company identified and recorded an adjustment to accounts payable and cost of sales at Barnes Distribution. The Company determined that cost of sales was overstated in prior periods due to inaccuracies in recording inventory receipts from 2000 through 2005. This overstatement was corrected in the third quarter of 2005 as a reduction to cost of sales of \$1,814. The after-tax effect of this adjustment was \$1,141, or \$0.05 per diluted share. Management concluded that such corrections were immaterial, both quantitatively and qualitatively, to the 2005 financial statements and to the previously reported results of the prior years to which they relate.
- 4) During the third quarter of 2005, the Company was granted Pioneer tax status in Singapore and recorded retroactive tax benefits of \$2,553 of which \$1,473, or \$0.06 per diluted share, related to periods prior to January 1, 2005 and \$1,080, or \$0.04 per diluted share, related to the first half of 2005 (\$0.02 in each the first and second quarter of 2005).
- 5) During the second quarter of 2005, the Company sold its 45 percent interest in NHK-Associated Spring Suspension Components Inc. ("NASCO"), resulting in a pre-tax gain of \$8,892 and an after-tax gain of \$4,030, or \$0.17 per diluted share.

These adjustments represent out-of-period or discrete items and management believes that providing results excluding these items is useful to investors. Management does not intend results excluding the adjustments to represent results as defined by GAAP, and the reader should not consider it as an alternative measurement calculated in accordance with GAAP, or as an indicator of the Company's operating performance. Accordingly, the measurements have limitations depending on their use.