

BAIRNCO CORP /DE/
Form 10-K
March 19, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number: **1-8120**

BAIRNCO CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

13-3057520

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

300 Primera Blvd., Lake Mary, Florida

32746

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(407) 875-2222**

Securities registered pursuant to Section 12(b) of the Act:

Name of each Exchange on

_____ Title of each class _____

_____ which registered _____

Common Stock, par value \$.01 per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X
No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes
No X

On July 5, 2003, the aggregate market value of the Registrant's voting stock held by non-affiliates was \$43,454,833.

On March 10, 2004, there were 7,476,605 shares of Common Stock outstanding, exclusive of treasury shares or shares held by subsidiaries of the Registrant.

Parts I, II and IV incorporate information by reference from the Annual Report to Stockholders for the fiscal year ended December 31, 2003. Part III incorporates information by reference from the Proxy Statement dated March 17, 2004 in connection with the Registrant's Annual Meeting of Stockholders to be held on April 22, 2004.

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PART I

Item 1.

BUSINESS

a.

Recent Developments and Description

Bairnco Corporation was incorporated under the laws of the State of New York on April 9, 1981. Effective September 24, 1991, Bairnco Corporation changed its state of incorporation from New York to Delaware. Unless otherwise indicated herein, the terms "Bairnco" and the "Corporation" refer to Bairnco Corporation and its subsidiaries.

Bairnco operates two core businesses – Arlon and Kasco. Arlon businesses design, manufacture, and sell engineered materials and components for the electronic, industrial and commercial markets. These products are based on common technologies in coating, laminating, polymers, and dispersion chemistry. Kasco is a leading provider of meat-room products and maintenance services for the meat and deli departments of supermarkets; restaurants; meat, poultry and fish processing plants; and manufacturers and distributors of electrical saws and cutting equipment throughout North America, Europe, Asia and South America.

In February of 2000 Bairnco purchased certain assets of the materials business (Signtech) of Signtech USA, Ltd., a manufacturer of laminated vinyl fabrics designated for use in the commercial graphics market. In January 2001, Bairnco purchased selected net assets ("Viscor") of Viscor, Inc. Viscor's engineered, coated products include transfer adhesives, single and double-coated foam and film tapes, and other custom coated products. The acquisitions complement Arlon's graphic and industrial products with product line extensions, additional brand recognition, and penetration into new customer segments and markets. The acquisitions also expanded Arlon's coating and converting capacity.

To improve productivity, reduce costs and improve product development focus, Arlon's Northbrook, Illinois facility was closed on December 31, 2001 and production was transferred to Arlon's Santa Ana, California and East Providence, Rhode Island plants.

In 2003 the Board of Directors approved a plan for the consolidation of its industrial engineered coated products businesses in a new leased facility in San Antonio, Texas. The goal is to create a critical business size with a focused management, development, engineering and production team in one location which is more responsive to our customers requirements and to the development of new products, and is more cost effective. The first stage of the consolidation began in 2003 and approximately \$1.7 million of consolidation and startup expenses were incurred plus \$2.6 million of capital expenditures were made. During 2004, an additional \$1.0 million of consolidation expenses and \$1.0 million of capital expenditures are expected to be incurred with the final closure and transfer of equipment of the East Providence, Rhode Island facility.

During the second quarter of 2003, Arlon, Inc. purchased the MOX-Tape® brand of products, including inventory and related equipment, from Flexfab Horizons International, Inc., of Hastings, Michigan. The business was moved to Arlon's Bear, Delaware plant. MOX-Tape® products consist of un-reinforced and reinforced silicone, self-fusing tapes used in a broad range of applications and markets, including high temperature electrical and mechanical insulation for the military, aerospace, automotive, utility, and power generation markets. The acquisition expands Arlon's self-fusing silicone tapes product line with the addition of the reinforced tapes. Arlon is a leader in semi-cured and uncured precision-calendered silicone, silicone-coated fabrics, and silicone self-fusing tapes.

At December 31, 2003, Bairnco employed 761 persons including 16 headquarters personnel. Bairnco's operations occupy approximately 892,000 square feet of factory and office space at its principal locations. There is an additional 21,000 square feet of leased space used as field warehouses throughout North America.

b. & c.

Financial Information about Industry Segments and Narrative Description of Business

Bairnco Corporation is a diversified multinational company that operates two businesses. Arlon's two segments are Electronic Materials and Coated Materials which design, manufacture and sell products under the Arlon brand identity

to electronic, industrial and commercial markets. Arlon products are based on common technologies in coating, laminating, polymers and dispersion chemistry. Replacement Products and Services are manufactured and distributed under the Kasco brand identity principally to supermarkets, meat and deli operations, and meat, poultry and fish processing plants throughout the United States, Canada and Europe. Kasco also manufactures small band saw blades for cutting metal and wood, and large band saw blades for use at lumber mills. In Canada and France, in addition to providing its replacement products, Kasco also sells equipment to the supermarket and food processing industries.

Financial data and other information about the Corporation's segments is set forth in Note 9 to the Consolidated Financial Statements on pages 37 through 39 and on pages 4 through 7 of Bairnco's 2003 Annual Report to Stockholders which is incorporated herein by reference. This information should be read in conjunction with the "Financial History" set forth under Item 6, SELECTED FINANCIAL DATA of this filing, and "Management's Discussion and Analysis" set forth on pages 10 through 16 of Bairnco's 2003 Annual Report to Stockholders, which is incorporated herein by reference.

The principal facilities utilized by each segment are detailed under "Item 2. PROPERTIES" of this filing.

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ARLON ELECTRONIC MATERIALS SEGMENT

Description of Business

Arlon Electronic Materials' principal products include high performance materials for the printed circuit board industry and silicone rubber-based insulation materials used in a broad range of industrial, military/aerospace, consumer and commercial markets.

Arlon is known worldwide as a premier supplier of high technology materials to the printed circuit board (PCB) industry. These products are marketed principally to PCB manufacturers and original equipment manufacturers (OEMs) by a direct technical sales force as well as distributors in the US, and through distributors and manufacturer's representatives in Europe and Asia-Pacific, supported by direct technical sales specialists. Arlon's conventional laminates product line includes a wide variety of specialty polyimide and epoxy laminates and bonding films, as well as, other high performance thermoset laminates. These materials are used in demanding commercial and military market applications including high density interconnect (HDI), surface mount technology (SMT), heat sink bonding,

semiconductor testing, wireless communications and microvia PCB's. The microwave and RF product area offers fluoropolymers (i.e. PTFE), ceramic-filled fluoropolymers, and other non-PTFE laminates that deliver the electrical performance needed in frequency-dependent circuit applications such as analog, digital and personal communication systems (PCS), high frequency military electronics, microwave antennas and base stations. These products are supplied as copper-clad laminates with bonding plies or prepregs for production of multi-layer printed circuits.

Arlon also manufactures a line of silicone rubber materials used in a broad range of military, consumer, industrial and commercial products. Typical applications and products include: silicone rubber bagging materials for producing composite parts; silicone rubber insulating tapes for electric traction motor coil windings; insulation materials for industrial and commercial flexible heaters; silicone rubber materials for high temperature hose and duct markets; insulating tape for medium and high voltage electrical splices and self-fusing tapes for a variety of industrial and commercial applications; as well as compliant, thermally or electrically conductive silicone sheet adhesives known as Thermabond™ for heat sink-bonding to printed circuit boards.

Competition

There are numerous competitors ranging in size from small, sole proprietorships to units of very large, multinational corporations that in certain instances have far greater market positions and financial resources than the Corporation.

Competition for Arlon's products varies by product line and type of customer. Competition for established lines is usually based on one or more elements such as lead time, price, product performance, or technical support and customer service. It may also be based on the ability to service emerging technologies through the custom design of new products, or redesign of existing products, as well as the development of materials for new applications. As an example, for some high performance materials sold to the printed circuit board industry, the consistent technical performance of the materials supplied in excess of specified standards can be the critical competitive element. In addition, Arlon sells a significant portion of its circuit board materials into the Far East and European markets where local producers of similar materials have a competitive advantage related to their geographic location.

Distribution

Arlon products are marketed by company sales personnel, as well as outside sales representatives and distributors in North and South America, Europe, the Far East and other international markets.

Raw Materials and Purchased Parts

The essential raw materials used in Arlon Electronic Materials are silicone rubber, fiberglass cloth, pigments, copper foil, aluminum and inconel foil, polyethylene foam and various plastic films, special papers and release liners, vinyl resins, various adhesives and solvents, Teflon™ or polytetrafluoroethylene (PTFE) resin, polyimide resin, epoxy resins, other thermoset resins, and various chemicals. Generally, these materials are each available from several qualified suppliers. There are, however, several raw materials used in Arlon Electronic Materials products that are purchased from chemical companies that are proprietary in nature. Other raw materials are purchased from a single approved vendor on a "sole source" basis, although alternative sources could be developed in the future if necessary. However, the qualification procedure can take several months or longer and could therefore interrupt production if the primary raw material source was lost unexpectedly. Current suppliers are located in the United States, Asia, and Europe.

Patents and Trademarks

The Corporation owns patents and several registered trademarks under which certain Arlon Electronic Materials products are sold. The Corporation does not believe that the loss of any or all of these trademarks would have a material adverse effect on this segment.

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ARLON COATED MATERIALS SEGMENT

Description of Business

Arlon Coated Materials principal products include adhesive coated cast and calendered vinyl films, cast vinyl fabric, custom-engineered laminates, and coated and laminated films, foils, foams and papers used in a broad range of industrial, consumer and commercial products.

Arlon specialty graphic films are marketed under the Arlon, Calon[®] and MII™ brand names and include cast and calendered vinyl films that are manufactured in a wide variety of colors, face stocks and adhesive systems. These vinyl films are used in commercial and electrical signage, point of purchase displays, highway signage, fleet markings, and other commercial advertising applications. Arlon also manufactures laminated vinyl fabrics for corporate identity programs. These products are marketed under the Signtech[®] brand name and complement the Calon[®] specialty graphic films.

Arlon manufactures and markets custom-engineered laminates and coated products. Typical applications include insulating foam tapes for thermopane windows, specialty flexible circuit materials, electrical insulation materials for motors and transformers, thermal insulation panels for appliances and cars, durable printing stock, transfer adhesives used in industrial assembly, and single and double-coated foam and film tapes and other custom engineered laminates for specific industrial applications.

Competition

There are numerous competitors ranging in size from small, sole proprietorships to units of very large, multinational corporations that in certain instances have far greater market positions and financial resources than the Corporation.

Competition varies by product line and type of customer. While competition for established lines is usually based on one or more of lead time, price, product performance, or technical support and customer service, it may also be based on the ability to service emerging technologies through the custom design of new products, or redesign of existing products, and materials for the new applications.

Distribution

Arlon Coated Materials products are marketed by company sales personnel, outside sales representatives and distributors in North and South America, Europe, Australia, the Far East and several other international markets.

Raw Materials and Purchased Parts

The essential raw materials used by Arlon Coated Materials include pigments, copper foil, aluminum foil, polyethylene foam and various plastic films, calendered vinyl, special papers and release liners, vinyl resins, various adhesives and solvents, and various chemicals. Generally, these materials are each available from several qualified suppliers. There are, however, several raw materials used in Arlon Coated Material's products that are purchased from chemical companies and are proprietary in nature. Other raw materials are purchased from a single approved vendor on a "sole source" basis although alternative sources could be developed in the future if necessary. However, the qualification procedure can take from several months to an extended period of time and could therefore interrupt production if the primary raw material source was lost unexpectedly. Current suppliers are located in the United States, Asia, and Europe.

Patents and Trademarks

The Corporation owns several registered trademarks under which certain Arlon Coated Materials products are sold. The Corporation does not believe that the loss of any or all of these trademarks would have a material adverse effect on this segment.

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KASCO REPLACEMENT PRODUCTS AND SERVICES SEGMENT

Description of Business

Kasco is a leading provider of meat-room products and repair services for the meat, deli, and seafood departments of supermarkets; for restaurants; for meat, poultry and fish processing plants; and for manufacturers and distributors of electrical saws and cutting equipment throughout North America, Europe, Asia, and South America. These products and services include band saw blades for cutting meat and fish, band saw blades for cutting wood and metal, grinder plates and knives for grinding meat, preventative maintenance and repairs for meat-room and food equipment in retail grocery and restaurant operations, electrical saws and cutting machines, seasoning products, and other related butcher supply products.

Kasco's replacement products and services are sold under a number of brand names including Kasco in the United States and Canada, Atlantic Services in the United Kingdom and Canada, Bertram & Graf, Biro France and EuroKasco in Continental Europe.

Competition and Marketing

Kasco competes with several large and medium-sized national and regional companies, as well as numerous small local companies. The principal methods of competition are price, service, and product performance. The performance of meat band saw blades and grinder plate and knives used in cutting meat or other food items is balanced between

minimizing waste and maximizing the efficiency and productivity of the band saw machine or grinder, and operator.

Kasco has a significant distribution network that reaches over 20,000 retail grocery stores, restaurants, delis, and processing plants in the US, Canada, Europe, Latin America and Asia. Kasco's distribution network is made up of corporate-direct salesmen, route salesmen, field technicians, and distributors who have in-depth knowledge of the local markets and each customer's needs.

During 2003, Atlantic Services UK and Bertram & Graf completed their manufacturing consolidation, which led to cost savings and quality gains. Biro France completed a restructuring program to improve operating and distribution costs and to improve customer service, which included streamlining their staff and relocating their distribution and service headquarters to a modern facility near Charles de Gaulle airport. Kasco North America opened a new manufacturing facility in Matamoros, Mexico, and relocated a portion of the St. Louis manufacturing to the new facility. In addition, Kasco North America made significant capital investment into CNC equipment at the St. Louis factory to further improve manufacturing cost and quality of key product lines. The Kasco business is well positioned globally from a manufacturing cost basis, customer service, and product quality basis going into 2004.

Since 2000, the market environment for Kasco has been difficult due to market contraction through retail consolidation and the supermarkets' shift to Case Ready product offerings. Kasco does not expect to see any real improvement in the market environment in 2004. The reported occurrence of a single mad cow case in the US during December 2003 could have a negative impact on the US beef market in 2004 if more cases are discovered. During 2004, Kasco North America will continue to diversify and grow its repair services business and butcher supplies distribution business to avoid being too concentrated on the band-saw blade product line for revenue generation. Globally, Kasco will continue to invest in manufacturing productivity projects to further improve our cost position and product quality.

Raw Materials and Purchased Supplies

High quality carbon steel and stainless steel are the principal raw materials used in the manufacture of band saw blades; they are purchased from multiple domestic and international suppliers. Tool steel is utilized in manufacturing meat grinder plates and knives and is purchased from qualified suppliers located in the United States, Europe and Japan. Equipment, replacement parts, and supplies are purchased from a number of manufacturers and distributors in Asia, the United States, and Europe. In France and Canada, certain specialty equipment and other items used in the supermarket industry and in the food processing industry are purchased and resold under exclusive distributorship agreements with the equipment manufacturers. All of the raw materials and purchased products utilized by this segment have been readily available throughout this last year.

Patents and Trademarks

The Corporation has a number of US and foreign mechanical patents related to several of the products manufactured and sold by Kasco, as well as a number of design patents and registered trademarks. The Corporation does not believe, however, that the loss of any or all of those patents would have a material adverse effect on this segment.

FOREIGN OPERATIONS

The Corporation has foreign operations located in Canada, the United Kingdom, France and Germany. Information on the Corporation's operations by geographical area for the last three fiscal years is set forth in Note 9 to the Consolidated Financial Statements on pages 37 through 39 of Bairnco's 2003 Annual Report to Stockholders which is incorporated herein by reference.

In addition, export sales from the Corporation's US based operations for the years ended December 31, 2003, 2002 and 2001 were approximately \$37,668,000, \$38,720,000 and \$41,536,000, respectively. Export sales to any particular country or geographic area did not exceed 10% of consolidated sales during any of these years.

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Item 2.

PROPERTIES

The following chart lists for the Corporation as a whole, and by each of its segments, the principal locations of the Corporation's facilities and indicates whether the property is owned or leased and if leased, the lease expiration date.

<u>LOCATION</u>	<u>SQUARE FEET</u>	<u>LEASED OR OWNED (LEASE EXPIRATION)</u>
CORPORATION TOTAL	<u>913,000</u>	
<u>Headquarters</u>		
Lake Mary, FL	11,000	Leased (Expires 2009)
<u>Arlon Electronic Materials</u>		
Bear, DE	135,000	Owned
Rancho Cucamonga, CA	80,000	Owned
<u>Arlon Coated Materials</u>		
Dallas, TX	75,000	Leased (Expires 2005)
East Providence, RI	60,000	Owned
San Antonio, TX	96,000	Leased (Expires 2008)
San Antonio, TX	16,000	Leased (Expires 2007)
Santa Ana, CA	124,000	Leased (Expires 2008)
San Antonio, TX	139,000	Leased (Expires 2012)
<u>Kasco Replacement Products and Services</u>		
Gwent, Wales, UK	25,000	Owned
Montreal, Canada	9,000	Leased (Expires 2005)
Pansdorf, Germany	18,000	Owned
Paris, France	26,000	Leased (Expires 2006)
St. Louis, MO	78,000	Owned
Field Warehouses:		
42 locations in North America	21,000	Leased

Item 3.

LEGAL PROCEEDINGS

Bairnco and its subsidiaries are among the defendants in a lawsuit (the Transactions Lawsuit) brought in the United States District Court for the Southern District of New York (the District Court). As set forth below, in a series of decisions now on appeal, the District Court has dismissed the Transactions Lawsuit in its entirety, and that dismissal has been appealed.

Plaintiffs in the Transactions Lawsuit effectively seek to hold Bairnco (and other defendants) liable, on a variety of legal theories, for liabilities associated with asbestos-containing products manufactured by Keene Corporation ("Keene"), Bairnco's former subsidiary. The plaintiffs are the trustees of the Keene Creditors Trust (the KCT), a successor in interest to Keene. In the Transactions Lawsuit complaint, the trustees of the KCT allege that certain sales of assets by Keene to other subsidiaries of Bairnco were fraudulent conveyances and otherwise in violation of state law, as well as being in violation of the civil RICO statute, 18 U.S.C. Section 1964. The complaint seeks compensatory damages of \$700 million, interest, punitive damages, and trebling of the compensatory damages pursuant to civil RICO.

At the outset of the case, Bairnco and the other defendants made motions to dismiss and for summary judgment (the threshold motions). In a series of decisions in 1998 and 1999, the District Court dismissed plaintiffs' civil RICO claims; dismissed 14 of the 21 defendants named in the complaint; and partially granted defendants' motions for summary judgment on statute of limitations grounds.

The parties then conducted discovery. Following the conclusion of discovery, Bairnco and the other defendants filed motions to exclude the testimony of plaintiffs' proposed expert witnesses on the valuation of the businesses sold by Keene as well as plaintiffs' proposed expert on the business purpose of the challenged transactions. Bairnco and the other defendants also filed motions for summary judgment, seeking dismissal of the case. On January 28, 2003, the District Court issued a decision granting defendants' motions to exclude plaintiffs' experts. On March 14, 2003, the District Court issued a decision granting all defendants' motions for summary judgment and dismissing all remaining claims.

On April 14, 2003, plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit. Plaintiffs are pursuing their appeal from the final judgment and from certain of the District Court's rulings, including the dismissal of the fraudulent conveyance claims, the statute of limitations rulings and the exclusion of plaintiffs' valuation experts. Plaintiffs are not pursuing their appeal from some of the District Court's rulings, including the dismissal of the RICO claims and the exclusion of plaintiffs' expert on business purpose. The briefing of the appeal concluded on February 2, 2004, and argument of the appeal is expected to take place in late March or early April 2004.

Keene was spun off from Bairnco in 1990, filed for relief under Chapter 11 of the Bankruptcy Code in 1993, and emerged from Chapter 11 pursuant to a plan of reorganization approved in 1996 (the Keene Plan). The Keene Plan provided for the creation of the KCT, and transferred the authority to prosecute the Transactions Lawsuit from the Official Committee of Unsecured Creditors of Keene (which initiated the lawsuit in the Bankruptcy Court in 1995) to the KCT. An injunction entered pursuant to the Keene Plan further provided that only the KCT, and no other entity,

can sue Bairnco on account of damages caused by a Keene asbestos-containing product. Therefore, although a number of other asbestos-related personal injury and property damage cases against Bairnco based on Keene's liabilities nominally remain pending in courts around the country, the injunction bars such claims and Bairnco's liability, if any, will be finally determined in the Transactions Lawsuit.

Bairnco also is the defendant in a separate action by the trustees of the KCT (the NOL Lawsuit), also pending in the United States District Court for the Southern District of New York, in which plaintiffs seek for the KCT the exclusive benefit of tax refunds attributable to the carryback by Keene of certain net operating losses (NOL Refunds), notwithstanding applicable tax sharing agreements between Keene and Bairnco. (As with the Transactions Lawsuit, the NOL Lawsuit was commenced during Keene's Chapter 11 case and, pursuant to the Keene Plan, the trustees of the KCT became the plaintiffs and the lawsuit was moved from the Bankruptcy Court to the District Court.) Pending resolution of the NOL Lawsuit, the NOL Refunds that have been received have been held in escrow. Through December 31, 2003 approximately \$28.5 million of NOL Refunds had been received and placed in an interest-bearing escrow account. There can be no assurance whatsoever that resolution of the NOL Lawsuit will result in the release of any portion of the NOL Refunds to Bairnco. The NOL Lawsuit and the Transactions Lawsuit were consolidated by the District Court for purposes of discovery. By order of the District Court entered on April 16, 2003, the NOL Lawsuit has been placed on the court's "suspense docket" - i.e., it will not be actively litigated - pending resolution of the appeal in the Transaction Lawsuit.

Bairnco and its Arlon subsidiary previously were among the defendants in a third action by the KCT (the Properties Lawsuit), commenced on December 8, 1998 in the United States District Court for the Southern District of New York. In the Properties Lawsuit, plaintiffs sought a declaratory judgment that the KCT owns certain patents and real property purchased by Arlon from Keene in 1989, based on the allegations that technical title to these assets was not conveyed at the time of the sale and that no proof of claim specifically referencing these assets was filed during Keene's Chapter 11 case. In an answer and counterclaims, Bairnco and Arlon denied these claims and requested a declaratory judgment that full title to the patents and real property in question in fact had been transferred to Arlon at the time of its 1989 purchase of assets from Keene. By agreement, the claims asserted against Bairnco and Arlon in the Properties Lawsuit were dismissed without prejudice, with the proviso that the issues raised in the Properties Lawsuit complaint would be resolved in the Transactions Lawsuit.

Management believes that Bairnco (including its subsidiaries) has meritorious defenses to all claims or liability purportedly derived from Keene and that it is not liable, as an alter ego, successor, fraudulent transferee or otherwise, for the asbestos-related claims against Keene or with respect to Keene products.

Bairnco Corporation and its subsidiaries are defendants in a number of other actions. Management of Bairnco believes that the disposition of these other actions, as well as the actions and proceedings described above, will not have a material adverse effect on the consolidated results of operations or the financial position of Bairnco Corporation and its subsidiaries as of December 31, 2003.

Item 4.

SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of 2003.

EXECUTIVE OFFICERS OF THE REGISTRANT

The information required with respect to executive officers of the Corporation is as follows:

<u>Name & Age of Executive Officers</u>	<u>Data Pertaining to Executive Officers</u>
Luke E. Fichthorn III (62)	Mr. Fichthorn has served as Chairman of Bairnco since May 23, 1990, and on December 18, 1991, became Chief Executive Officer of Bairnco. For over twenty-five years, Mr. Fichthorn has been a private investment banker and partner of Twain Associates, a private investment banking and consulting firm. Mr. Fichthorn served as a director of Keene Corporation, a former subsidiary of Bairnco Corporation from August 1969 until May 1981, and became a director of Bairnco in January 1981. Mr. Fichthorn is also a director of Florida Rock Industries, Inc. and Patriot Transportation Holding, Inc., neither of which is affiliated with Bairnco.
Larry D. Smith (54)	Mr. Smith was elected Vice President - Administration and Secretary of Bairnco in April 1999. Prior to joining Bairnco, Mr. Smith was employed for over 14 years with Emerson Electric Company in various human resource managerial capacities. Most recently, Mr. Smith was Vice President Human Resources for Emerson's Therm-O-Disc, Inc. division in Mansfield, Ohio.
Lawrence C. Maingot (44)	Mr. Maingot was appointed Corporate Controller of Bairnco in December 1999. From May 1997 to December 1999, Mr. Maingot

was Bairnco's Assistant Controller. From April 1992 to May 1997, Mr. Maingot was Bairnco's Accounting Manager. Prior to joining Bairnco, Mr. Maingot was employed with Arthur Andersen LLP.

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PART II

Item 5.

MARKET FOR THE REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

a. & c. Data regarding market prices of Bairnco's common stock is included in the "Quarterly Results of Operations (Unaudited)" on page 17 of Bairnco's 2003 Annual Report to Stockholders which is incorporated herein by reference. Bairnco's common stock is traded on the New York Stock Exchange under the symbol BZ. Data on dividends paid is included in the Consolidated Statements of Operations on page 19 of Bairnco's 2003 Annual Report to Stockholders, which is incorporated herein by reference. The quarterly cash dividend has remained constant at \$0.05 per share during 2003 and 2002. The Board continues to review the dividend on a quarterly basis.

b. The approximate number of registered holders of Bairnco common stock (par value \$.01 per share) as of December 31, 2003 was 992.

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Item 6.

SELECTED FINANCIAL DATA

The following table contains certain financial and operating data and is qualified by the more detailed consolidated financial statements and notes thereto included in Bairnco's 2003 Annual Report to Stockholders which is incorporated herein by reference. The balance sheet data as of December 31, 2003 and 2002 and the statement of operations data for the fiscal years ended December 31, 2003 and 2002 were derived from the consolidated financial statements and notes thereto that have been audited by Ernst & Young LLP, independent certified public accountants. The balance sheet data as of December 31, 2001, 2000 and 1999 and the statements of operations data for the fiscal years ended December 31, 2001, 2000 and 1999 were derived from the consolidated financial statements and notes thereto that were audited by Arthur Andersen LLP, independent certified public accountants. The financial data shown below should be read in conjunction with the consolidated financial statements and the related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Bairnco's 2003 Annual Report to Stockholders which is incorporated herein by reference.

		2003	2002	2001	2000	1999
Summary of Operations (\$ in thousands)						
Net sales	\$	152,696	154,354	160,369	187,513	168,881
Gross profit	\$	42,871	44,991	46,535	60,556	55,147
Selling and administrative expenses	\$	38,248	38,189	39,140	44,012	40,145
Provision for litigation costs	\$	--	4,000	6,200	1,000	--
Operating profit	\$	4,623	2,802	1,195	15,544	15,002
Interest expense, net	\$	768	1,005	2,486	3,481	2,104
Income (loss) before income taxes	\$	3,855	1,797	(1,291)	12,063	12,898
Provision (benefit) for income taxes	\$	1,206	436	(983)	3,830	