

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 7, 2005

KADANT INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

1-11406
(Commission File Number)

52-1762325
(IRS Employer
Identification No.)

One Acton Place
Acton, Massachusetts
(Address of Principal Executive Offices)

01720
(Zip Code)

(978) 776-2000
Registrant's telephone number, including area code

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

KADANT INC.

Item 1.01 Entry into a Material Definitive Agreement.

Director Compensation. On June 7, 2005, the board of directors of Kadant Inc. ("Kadant") approved the following changes to Kadant's compensation practices for its non-employee directors, effective as of July 1, 2005, except for the grants under the Restricted Stock Award issued on June 7, 2005.

Annual Retainer. The non-employee directors of Kadant are paid an annual retainer of \$18,000, payable monthly in 12 equal installments of \$1,500.

Meeting Fees. In addition to the annual retainer, non-employee directors of Kadant receive meeting fees for attendance at meetings of the board of directors. The fee is \$1,500 for being present in person at regularly scheduled meetings of the board of directors and \$750 for participating in meetings of the board of directors held by telephone

where substantive action is taken or that last more than one hour. For committee meetings of the board of directors, the fee is \$500 for being present in person at regularly scheduled committee meetings and \$250 for participating in committee meetings by telephone where substantive action is taken or that last more than one hour.

Committee Chair Retainers. The board of directors has also approved annual retainers for the chairmen of the following committees: Audit Committee - \$3,000; Compensation Committee - \$2,000; Nominating and Corporate Governance Committee - \$1,000. These retainers are in addition to the annual retainer and meeting fees described above.

Restricted Stock Award. In addition to the 2,500 shares of restricted common stock issued to each of Kadant's non-employee directors on April 1, 2005 under its Directors' Restricted Stock Plan, on June 7, 2005, the board of directors of Kadant agreed to issue 2,500 shares of restricted common stock under its Amended and Restated Equity Incentive Plan to each of its non-employee directors in exchange for their service on the board of directors and its various committees through the next year, amounting in the aggregate to 10,000 shares of restricted common stock issued by Kadant to its four non-employee directors. The board of directors reserved the right to reevaluate this form of director compensation for future periods. The restricted shares must be held for the earlier of three years or until the director retires from the board of directors. All restrictions lapse on death. Directors are permitted to sell enough shares to satisfy the federal and state income taxes incurred as a consequence of the issuance of the shares. The terms and conditions of the agreement governing these restricted shares are set forth in the restricted stock agreement, a form of which is filed herewith under Item 9.01(c).

There were no changes to the other components of Kadant's non-employee director compensation practices as previously disclosed in Kadant's Annual Report on Form 10-K for the fiscal year ended January 1, 2005 filed with the Securities and Exchange Commission on March 16, 2005 and Kadant's Definitive Proxy Statement on Schedule 14A for its 2005 annual meeting of stockholders dated April 26, 2005.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

No.	Description
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99.1	Form of Restricted Stock Agreement for award of restricted shares to non-employee directors.
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KADANT INC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KADANT INC.

Date: June 13, 2005

By:

Thomas M. O'Brien
Executive Vice President and
Chief Financial Officer

KADANT INC.
EQUITY INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

[NAME]
Name of Recipient

[NUMBER]
Number of Restricted Shares of
Common Stock Awarded

Vesting Schedule for Restricted Shares Awarded:

# of Shares	Vesting Date
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[NUMBER]	June 7, 2008

JUNE 7, 2005
Award Date

Kadant Inc. (the "Company") has selected you to receive the restricted stock award identified above, subject to the provisions of the Equity Incentive Plan (the "Plan") and the terms, conditions and restrictions contained in this agreement (the "Agreement"). Please confirm your acceptance of this Award, your agreement to the terms of the Plan and this Agreement, your receipt of a copy of the Plan, and your receipt of a memorandum regarding the tax treatment of awards of restricted stock, by signing both copies of this Agreement. You should keep one copy for your records and return the other copy promptly to the Stock Option Manager of Kadant Inc., One Acton Place, Suite 202, Acton, Massachusetts 01720.

KADANT INC.

By: _____
William A. Rainville
Chairman and Chief Executive Officer

Accepted and Agreed:

Recipient

KADANT INC.
EQUITY INCENTIVE PLAN
Restricted Stock Agreement

1. Preamble. This Restricted Stock Agreement contains the terms and conditions of an award of shares of restricted stock (the "Restricted Shares") of Kadant Inc. (the "Company") made to the Recipient identified on the first page of this Agreement pursuant to the Plan. Any consideration due to the Company on the issuance of the Restricted Shares has been deemed to be satisfied by past services rendered by the Recipient to the Company.
2. Restrictions on Transfer. Unless and until the Restricted Shares shall have vested as provided in Paragraph 3 below, for so long as the Recipient is a member of the Board of Directors of the Company, he agrees not to sell, transfer, pledge or assign any of the Restricted Shares acquired under this Agreement for a period of three years from the date of issuance except (i) that number of Restricted Shares approximately equal to the federal and state income taxes payable by the Recipient as a consequence of the issuance of the Restricted Shares (it being assumed for this purpose that the Recipient is in the highest marginal tax bracket for federal income tax) or (ii) as the Compensation Committee of the Board of Directors of the Company may permit in its discretion, because of a financial hardship incurred by the Recipient, or for such other reason the Compensation Committee determines.
3. Vesting. The term "vest" as used in this Agreement means the lapsing of the

restrictions that are described in this Agreement with respect to the Restricted Shares. The Restricted Shares shall vest in accordance with the schedule set forth on the first page of this Agreement, provided in each case that the Recipient is then, and since the Award Date has continuously been, a member of the Board of Directors of the Company. Notwithstanding the foregoing, the Recipient shall become vested in the Restricted Shares prior to the vesting dates set forth on the first page of this agreement in the following circumstances:

- (a) In the event of a "Change in Control," all Restricted Shares that have not previously been forfeited shall immediately vest, provided that the Recipient is then a director of the Company. "Change in Control" shall have the same meaning for the purposes of this Agreement as set forth in Section 9 of the Plan, as the same may be amended from time to time.
- (b) In the event the Recipient ceases to be a member of the Board of Directors of the Company, whether by failure to be renominated or re-elected to the Board of Directors of the Company, all Restricted Shares that have not previously been forfeited shall immediately vest.
- (c) Notwithstanding any provision of this Agreement, in the event the Recipient is a director of the Company on June 7, 2008, all of the outstanding Restricted Shares that have not previously been forfeited shall immediately vest.

4. Dividends and Voting Rights. The Recipient shall be entitled to any and all dividends or other distributions paid with respect to the Restricted Shares which have not been forfeited or otherwise disposed of and shall be entitled to vote any such Restricted Shares; provided however, that any property (other than cash) distributed with respect to Restricted Shares, including without limitation a distribution of shares of the Company's stock by reason of a stock dividend, stock split or otherwise, or a distribution of other securities based on the ownership of Restricted Shares, shall be subject to the restrictions of this Restricted Stock Agreement in the same manner and for so long as the

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Restricted Shares remain subject to such restrictions, and shall be promptly forfeited to the Company if and when the Restricted Shares are so forfeited.

5. Certificates. (a) Legended Certificates. The Recipient is executing and delivering to the Company blank stock powers to be used in the event of forfeiture. Any certificates representing unvested Restricted Shares shall be held by the Company, and any such certificate (and, to the extent determined by the Company, any other evidence of ownership of unvested Restricted Shares) shall contain the following legend:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE ISSUER'S EQUITY INCENTIVE PLAN AND A RESTRICTED STOCK AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND THE ISSUER. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE IN THE OFFICES OF THE ISSUER.

(b) Book Entry. If unvested Restricted Shares are held in book entry form, the Recipient agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions of this Agreement. The Recipient hereby (i) acknowledges that the Restricted Shares may be held in book entry form on the books of the Company's depository (or another institution specified by the Company), and irrevocably authorizes the Company to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any such shares that are unvested and forfeited hereunder, (ii) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to unvested Restricted Shares, one or more stock powers, endorsed in blank, with respect to such shares, and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any unvested Restricted Shares that are forfeited hereunder.

6. Unrestricted Shares. As soon as practicable following the vesting of any Restricted Shares the Company shall cause a certificate or certificates covering such shares, without the legend contained in Paragraph 6(a), to be issued and delivered to the Recipient, subject to the payment by the Recipient by cash or other means acceptable to the Company of any federal, state, local and other applicable taxes required to be withheld in connection with such vesting. The Recipient understands that once a certificate has been delivered to the Recipient in respect of Restricted Shares which have vested, the Recipient will be free to sell the shares of common stock evidenced by such certificate, subject to applicable requirements of federal and state securities laws.

7. Tax Withholding. The Recipient expressly acknowledges that the award or vesting of the Restricted Shares will give rise to "wages" subject to withholding. The Recipient expressly acknowledges and agrees that the Recipient's rights hereunder are subject to the Recipient's paying to the Company in cash (or by such other means as may be acceptable to the Company in its discretion, including, if the Compensation Committee of the Board of Directors of the Company ("the Compensation Committee") so determines, by the delivery of previously acquired shares of common stock of the Company or by having the Company hold back from the shares to be delivered, shares of the Company's common stock having a value calculated to satisfy the withholding requirement) all federal, state, local and any other applicable taxes required to be withheld in connection with such award or vesting. If the withholding obligation is not satisfied by the Recipient promptly, the Company may, without further consent from the Recipient, have the right to deduct such taxes from any payment of any kind otherwise due to the Recipient, including but not limited to, the hold back from the shares to be delivered pursuant to Section 5 of this Agreement of that number of shares calculated to satisfy all federal, state, local or other applicable taxes required to be withheld in connection with such award or vesting.

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8. Administration. The Board of Directors of the Company, or the Compensation Committee or other committee designated in the Plan, shall have the authority to manage and control the operation and administration of this Agreement. Any interpretation of the Agreement by any of the entities specified in the preceding sentence and any decision made by any of them with respect to the Agreement is final and binding.
9. Plan Definitions. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, a copy of which has already been provided to the Recipient.
10. Amendment. This Agreement may be amended only by written agreement between the Recipient and the Company, without the consent of any other person.

