

SMITH C FRANK  
Form 4  
June 26, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
SMITH C FRANK

(Last) (First) (Middle)

C/O NATCO GROUP INC., 2950  
NORTH LOOP WEST, SUITE 700

(Street)

HOUSTON, TX 77092

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
NATCO GROUP INC [NTG]

3. Date of Earliest Transaction  
(Month/Day/Year)  
06/22/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)

Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common stock - restricted stock <sup>(1)</sup>	06/22/2006		A		2,125 A \$ 37.785	22,309 <sup>(2)</sup>	D
Common stock	06/23/2006		M		7,075 A \$ 6.27	29,384	D
Common stock	06/23/2006		S		6,400 D \$ 38.89	22,984	D
Common stock	06/23/2006		S		675 D \$ 39.19	22,309	D

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option - Right to Buy	\$ 37.785	06/22/2006		A	3,750	<sup>(3)</sup> 06/22/2016	Common stock	3,750

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SMITH C FRANK C/O NATCO GROUP INC. 2950 NORTH LOOP WEST, SUITE 700 HOUSTON, TX 77092			Executive Vice President	

## Signatures

Charles Frank  
Smith                                      06/26/2006

\*\*Signature of Reporting Person                                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Restrictions on this grant of restricted stock lapse (a) as to all of the shares on August 15, 2009, provided that the Company has achieved an earnings per share of at least \$2.25 calculated on a trailing twelve months basis as of the last day of a quarter, for three consecutive quarters; provided further that (i) earnings per share may be normalized in certain circumstances and (ii) the recipient has continuously served as an employee from the date of the award until such date or, (b) if earlier, pursuant to the applicable incentive plan or upon

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occurrence of a Corporate Change as defined in such plan, provided, in either case, that the recipient has been continuously employed by the Company or a subsidiary on such date or the date of such Corporate Change. The shares are subject to forfeiture upon termination of employment prior to the time the restrictions lapse or if the performance restrictions are not met on or before August 15, 2009.

- Direct ownership includes an aggregate of 5,590 shares purchased through a participant-directed defined contribution employee benefit
- (2) plan. Direct ownership also includes an aggregate of 9,165 shares of restricted stock subject to performance-based restrictions, including the shares reported in this transaction.
  - (3) Stock options vest in 1/3 increments on the first, second and third anniversaries of the date of grant, subject to continued employment by the Company or a subsidiary on the applicable date. The first third will vest on June 22, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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