SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from   to

Commission File No. 0-1093

KAMAN CORPORATION
(Exact Name of Registrant)

Connecticut	06-0613548
(State of Incorporation)	(I.R.S. Employer Identification No.)

1332 Blue Hills Avenue, Bloomfield, Connecticut 06002
(Address of principal executive offices)

Registrant's telephone number, including area code-(860) 243-7100

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

Securities registered pursuant to Section 12(g) of the Act:
- -Class A Common Stock, Par Value $1.00
- -6% Convertible Subordinated Debentures Due 2012
- -Series 2 Preferred Stock, Par Value $1.00
- -Depositary Shares, each representing one quarter of a share of Series 2 Preferred Stock

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) 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].

State the aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

$326,947,587.00 as of February 2, 1998.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class A Common	22,686,588 shares
Class B Common	667,814 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Corporation's 1997 Annual Report to Shareholders are incorporated by reference and filed as Exhibit 13 to this Report. No other documents except those previously filed with the Commission are incorporated herein by reference.

PART I

ITEM 1. BUSINESS

Kaman Corporation, incorporated in 1945, and its subsidiaries (collectively, the "corporation"), serve customers through two industry segments: Diversified Technologies and Distribution. The Diversified Technologies segment serves commercial, foreign military, and U.S. defense markets. The corporation retrofits previously manufactured helicopters, manufactures new helicopters, and manufactures specialized bearings and components principally for aircraft applications, airframe structures under subcontract for commercial and military aircraft, and provides high technology products and services. The Distribution segment serves commercial markets. The corporation provides industrial repair and OEM products and certain support services to customers in nearly every sector of U.S. industry; and distributes and manufactures guitars and other music products for amateur and professional musicians.

DIVERSIFIED TECHNOLOGIES

The Diversified Technologies segment includes several wholly-owned subsidiaries: Kaman Diversified Technologies Corporation, Kaman Aerospace Corporation, Kaman Aerospace International Corporation, Kamatics Corporation, K-MAX Corporation, Kaman Electromagnetics Corporation, and Kaman Instrumentation Corporation. For 1997, the segment also included Kaman Sciences Corporation, which was sold on December 30, 1997 to ITT Industries, Inc.

Currently the most significant portion of this segment involves aircraft manufacturing operations. This includes the retrofit of previously manufactured Kaman SH-2F Navy helicopters for foreign governments. There are currently three such programs in process. The first involves a Foreign Military Sale (FMS) contract valued at approximately $150 million for the retrofit of ten (10) previously manufactured Kaman SH-2F helicopters into the upgraded SH-2G configuration for the Republic of Egypt. The first aircraft delivery under this contract was accomplished in October 1997. Two additional aircraft were delivered by the end of 1997; the remaining seven (7) aircraft are scheduled to be delivered in 1998. In June 1997, the corporation signed a commercial contract valued at approximately $185 million, inclusive of aircraft and related logistical support elements, to supply four (4) SH-2G helicopters to the New Zealand government. These aircraft will be manufactured with new airframes and remanufactured dynamic components from stored SH-2F aircraft. Deliveries are expected to begin in 2000. Also in June 1997, the corporation signed a contract valued at approximately $600 million to supply eleven (11) retrofit SH-2G helicopters to the Australian government. The aircraft are scheduled for delivery in the 2001-2002 time frame. The contract includes an agreement with the Royal Australian Navy to provide ongoing in-country support services for an initial period of ten years. The helicopters will incorporate an Integrated Tactical Avionics System (ITAS) "glass cockpit," new

sensors and advanced systems. There are currently fourteen (14) SH-2G aircraft in the U.S. Naval Reserves. The corporation expects to continue providing logistics and spare parts support for these aircraft for a period of time, even though this aircraft is no longer manufactured for the U.S. government. The corporation continues to pursue potential opportunities for this class of maritime helicopter in Malaysia, Norway, the Philippines, Taiwan, Thailand and elsewhere. Each of these potential programs is expected to involve considerable competition, and political and financial conditions in some areas may slow the prospects for potential sales. Management currently believes that there are sufficient SH-2F aircraft available in storage to meet existing and certain potential program requirements; at some point in the future, however, it is possible that there may be a need to manufacture totally new SH-2G aircraft. Management is beginning to explore the factors that would be involved in reopening the production line including recertifying certain dynamic components of the aircraft.

In addition to its SH-2G programs, the corporation produces the K-MAX (Registered Trademark) "aerial truck" helicopter, an FAA type certificated medium-to-heavy lift helicopter incorporating intermeshing rotor technology developed by the corporation. K-MAX is designed for efficient, cost-effective repetitive lifting of loads of up to 6,000 pounds on an external hook. Initial customers have been in markets that demonstrate the aircraft in a range of applications, such as logging and forest fire fighting, construction of utility lines and ski lifts in remote and mountainous terrain, and operations in extremes of heat and high altitudes which tend to limit lifting capacity, particularly in other helicopter types. The company is following conservative policy in introducing this new aircraft while it evaluates potential new markets including a ship resupply role called Vertical Replenishment (VERTREP) for the U.S. Military Sealift Command, and various infrastructure construction uses around the world. The K-MAX program is in its fourth year of commercial operations with aircraft operating in six countries and certified in the United States, Canada, Germany, Switzerland, and Japan. It is anticipated that the effects of the current financial crisis in Asia could delay the expansion of production for a time.

The corporation manufactures airframe structures and components on subcontract, principally for Boeing on programs including the 767, 777, and McDonnell Douglas C-17. The Kamatics subsidiary makes proprietary self-lubricated bearings that are used on nearly every commercial and military aircraft produced in the Western world for flight controls, turbine engines, and landing gear systems. Kamatics also makes driveline couplings for helicopters and self-lubricated bearings for hydropower installations, ships and submarines.

Subsidiaries in this segment also make RF transmission and delay lines involved in aircraft stealth technology and other applications; telecommunication products; photonic and optical systems, such as the Magic Lantern (Registered Trademark)

laser-based mine detection system; safing and fuzing systems for use in missiles; ruggedized tape and disk memory systems used primarily in aircraft; composite "flyer bows" for use in the wire making industry and various motors, generators, alternators, launchers and electric drive systems using electromagnetic technology.

The corporation's former Kaman Sciences subsidiary provided advanced technology services to various agencies of the U.S. Government. Management's decision to sell Kaman Sciences was based upon its assessment of trends in the defense sciences industry, including increasing consolidation and a tendency for defense sciences contracts to become larger in size and longer in duration in relation to the corporation's determination to focus capital investment in its aerospace and industrial distribution businesses.

DISTRIBUTION

The Distribution segment includes several wholly owned subsidiaries, including principally Kaman Industrial Technologies Corporation and Kaman Music Corporation. A small additional subsidiary, AirKaman of Jacksonville, Inc. was sold in February, 1997.

Kaman Industrial Technologies (KIT) is the larger of the corporation's distribution subsidiaries, currently representing more than three quarters of segment revenues. KIT is a national distributor of industrial products operating through approximately 195 locations in 38 states and British Columbia, Canada. The corporation serves customers in nearly every segment of heavy and light industry with the products needed to maintain various manufacturing processes. The business is therefore influenced by national economic trends such as U.S. industrial production levels. The corporation purchases the products it sells from manufacturers, including various types of bearing products such as ball, roller, tapered, linear motion, sleeve and mounted units; mechanical power transmission products such as ball screws, belts, brakes, chain, clutches, couplings, gears, sheaves, speed reducers, sprockets, take-up units, tension devices, torque limiters, and universal joints; electrical power transmission products such as motors and variable speed drives; fluid power products such as air preparation units, air motors, ball valves, boosters, cylinders, filters, gauges, heat exchangers, hose, fittings, hydraulic power units, pumps and motors, couplers, rotary actuators; and a wide range of accessory products such as lubricants and seals. Most of these products use common and traditional technologies, however the corporation is increasingly selling products with a higher technological content that are required to support automated production processes. The corporation continues to develop certain support service capabilities in order to meet the maintenance needs of its customers' manufacturing operations. These services include electrical panel and systems fabrication centers capabilities, and similar capabilities for hydraulic and pneumatic control panels, linear positioning systems, and material handling systems. As the corporation has entered new market areas, it has invested in new

product inventory and in some instances it has established inventory on consignment in customer locations. The corporation maintains a management information system, consisting of an on-line computer network linking all of its mainland U.S. and Canadian industrial distribution facilities, which enhances its ability to provide more efficient nationwide service and to improve inventory management; and a Documented Savings (Registered Trademark) program that looks at all elements of procurement cost and reports on savings and improvements generated by the corporation's products and services. In addition, the corporation has undertaken initiatives to address the needs of certain national account customers that desire to consolidate their vendor base by entering into "partnering" relationships to broaden geographical coverage. For larger customers, the corporation has also been given the opportunity to provide an "integrated supply" function involving management of parts inventories and associated personnel as well as selection of suppliers for the customers' facility. In 1997 the corporation continued to open new branches in the South and Midwest regions of the United States to service new customers and develop additional business. Also in 1997 the corporation acquired the business of Alliance Industrial Supply Company, a small industrial distribution company with five (5) locations in Texas.

Kaman Music Corporation distributes music instruments and accessory products principally to independent retailers in the United States and Canada, and to certain international distributors. Products include acoustic, acoustic-electric and electric guitars and basses, music strings for fretted instruments, drums and other percussion products, brass instruments, electronic tuners and metronomes, and musical instrument accessories. The corporation manufactures and distributes a range of amateur to professional quality guitars under the corporation's various brand names including Ovation (Registered Trademark) and Hamer (Registered Trademark). Actions were taken in 1997 to streamline and focus the corporation's music business. These actions include the sale of the corporation's Trace Elliot Limited amplifier manufacturing facility in Great Britain to a Trace Elliot management group; the merger and consolidation of Ovation and Hamer into a single production facility; the elimination of certain distributed product lines; and the closure and consolidation of certain distribution facilities. Operations of Kaman Music Corporation are currently conducted through six (6) distribution centers in the United States and Canada, an international sales division based in the United States, and one (1) manufacturing facility in the United States.

FINANCIAL INFORMATION

Information concerning each segment's performance for the last three fiscal years appears in the corporation's 1997 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated by reference.

PRINCIPAL PRODUCTS AND SERVICES

Following is information for the three preceding fiscal years concerning the percentage contribution of the corporation's classes of products and services to the corporation's consolidated net sales:

	Years Ended December 31		
	1995	1996	1997
Diversified Technologies:			
Advanced Technology Products and Systems	5.3%	5.5%	7.4%
Advanced Technology Services	12.7	13.2	13.9(1)
Aircraft Manufacturing	18.0	18.3	20.2
Segment Total	36.0	37.0	41.5
Distribution:			
Industrial Products	48.0	47.2	45.9
Music Products and Other Services	16.0	15.8	12.6
Segment Total	64.0	63.0	58.5
Total	100.0%	100.0%	100.0%

(1) Includes revenues from Kaman Sciences Corporation which was sold on December 30, 1997.

RESEARCH AND DEVELOPMENT EXPENDITURES

Government sponsored research expenditures by the Diversified Technologies segment were $75.7 million in 1997, $68.8 million in 1996, and $70.2 million in 1995. Independent research and development expenditures were $6.9 million in 1997, $8.0 million in 1996, and $13.7 million in 1995.

BACKLOG

Program backlog of the Diversified Technologies segment was approximately $935.2 million at December 31, 1997, $267 million at December 31, 1996, and $218.7 million at December 31, 1995. The corporation anticipates that approximately 39.5% of its backlog at the end of 1997 will be performed in 1998. Approximately 9.8% of the backlog at the end of 1997 is related to government contracts or subcontracts which are included in backlog to the extent that funding has been appropriated by Congress and allocated to the particular contract by the relevant procurement agency. Certain of these government contracts, less than 1% of the backlog, have been funded but not signed.

GOVERNMENT CONTRACTS

During 1997, approximately 44.6% of the work performed by the corporation directly or indirectly for the United States government was performed on a fixed-price basis and the balance was performed on a cost-reimbursement basis. Under a fixed-price contract, the price paid to the contractor is negotiated at the outset of the contract and is not generally subject to adjustment to reflect the actual costs incurred by the contractor in the performance of the contract. Cost reimbursement contracts provide for the reimbursement of allowable costs and an additional negotiated fee.

The corporation's United States government contracts and subcontracts contain the usual required provisions permitting termination at any time for the convenience of the government with payment for work completed and associated profit at the time of termination.

COMPETITION

The Diversified Technologies segment operates in a highly competitive environment with many other organizations which are substantially larger and have greater financial and other resources. The corporation competes with other helicopter manufacturers on the basis of price, performance, and mission capabilities; and also on the basis of its experience as a manufacturer of helicopters, the quality of its products and services, and the availability of facilities, equipment and personnel to perform contracts. Consolidation in the industry, the change in defense program emphasis and constraints in the defense budgets of various countries have increased the level of international competition for helicopter programs. The corporation is also affected by the political and economic circumstances of its potential foreign customers, such as the current economic crisis in certain Asian markets. The corporation's FAA certificated K-MAX helicopters compete with military surplus helicopters and other helicopters used for lifting, as well as with alternative methods of meeting lifting requirements. The corporation competes for its subcontract aircraft structure, specialty aircraft component, and advanced technology products business on the basis of price and quality; product endurance and special performance characteristics; proprietary knowledge; and the reputation of the corporation.

Industrial distribution operations are subject to a high degree of competition from several other national distributors, two of which are substantially larger than the corporation; and from many regional and local firms. Competitive forces are intensifying as the major competitors grow through consolidation. Music distribution operations compete with domestic and foreign distributors. Certain musical instrument products manufactured by the corporation are subject to competition from U.S. and foreign

manufacturers as well. The corporation competes in these markets on the basis of service, price, performance, and inventory variety and availability.

The corporation also competes on the basis of quality and market recognition of its music products and has established certain trademarks and trade names under which certain of its music products are produced, as well as under private label manufacturing in a number of foreign countries.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information relating to the corporation's business and prospects, including the SH-2G and K-MAX helicopter programs, and specialty self-lubricating bearings and couplings, as well as other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Those uncertainties include, but are not limited to: 1) the successful conclusion of contract negotiations with government authorities, including foreign governments; 2) political developments in countries where the corporation intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) economic and competitive conditions in markets served by the corporation including in particular economic conditions in Southeast Asia; 5) the degree of acceptance of new products in the marketplace; 6) U.S. industrial production levels; 7) currency exchange rates, taxes, laws and regulations, inflation rates, general business conditions and other factors. Any forward-looking information should be considered with these factors in mind.

EMPLOYEES

As of December 31, 1997, the Corporation employed 4,318 individuals throughout its industry segments as follows:

Diversified Technologies	2,064(1)
Distribution	2,173
Corporate Headquarters	81

	4,318

(1) Excludes 1,100 employees employed by the Corporation's Kaman Sciences Corporation subsidiary which was sold on December 30, 1997.

PATENTS AND TRADEMARKS

The corporation holds patents reflecting scientific and technical accomplishments in a wide range of areas covering both basic production of certain products, including aerospace products and musical instruments, as well as highly specialized devices and advanced technology products in defense related and commercial fields.

Although the corporation's patents enhance its competitive position, management believes that none of such patents or patent applications is singularly or as a group essential to its business as a whole. The corporation holds or has applied for U.S. and foreign patents with expiration dates that range through the year 2012.

These patents are allocated among the corporation's industry segments as follows:

	U.S. PATENTS		FOREIGN PATENTS	
Segment	Issued	Pending	Issued	Pending
Diversified Technologies	78	4	62	17
Distribution	19	3	9	2

Trademarks of Kaman Corporation include Adamas, Applause, Hamer, KAflex, KAron, K-MAX, Magic Lantern, and Ovation. In all, the corporation maintains 191 U.S. and foreign trademarks with 18 applications pending, most of which relate to music products in the Distribution segment.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

In the opinion of management, based on the corporation's knowledge and analysis of relevant facts and circumstances, compliance with any environmental protection laws is not likely to have a material adverse effect upon the capital expenditures, earnings or competitive position of the corporation or any of its subsidiaries.

The corporation is subject to the usual reviews and inspections by various federal and state environmental agencies and has entered into agreements and consent decrees at various times in connection with such reviews. Also on occasion the corporation has been identified as a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency ("EPA") in connection with the EPA's investigation of certain third party facilities. In each instance, the corporation has provided appropriate responses to all requests for information that it has received, and the matters have been resolved either through de minimis settlements, consent agreements, or through no further action being taken by the EPA or the applicable state agency with respect to the corporation. With respect to such matters, the corporation has been able to determine, based on its current knowledge, that resolution of such matters is not likely to have a material adverse effect on the future financial condition of the corporation.

In arriving at this conclusion, the corporation has taken into consideration site-specific information available regarding total costs of any work to be performed, and the extent of work previously performed. Where the corporation has been identified as a PRP at a particular site, the corporation, using information available to it, also has reviewed and considered a number of other factors, including: (i) the financial resources of other PRPs involved in each site, and their proportionate share of the total volume of waste at the site; (ii) the existence of insurance, if any, and the financial viability of the insurers; and (iii) the success others have had in receiving reimbursement for similar costs under similar policies issued during the periods applicable to each site.

FOREIGN SALES

Eleven and two tenths percent (11.2%) of the sales of the corporation are made for customers located outside the United States. Certain retrofit work on SH-2 series helicopters for delivery to the Republic of Egypt is presently being performed by the corporation under an agreement between it and the U.S. Navy and, because such work is a "foreign military sale" with the U.S. Government, it is not included in the calculation of foreign sales. In 1997, the corporation continued its efforts to develop international markets for its products and foreign sales (including sales for export); and during 1997 the corporation entered into contracts with the Commonwealth of Australia and the Government of New Zealand for the supply of retrofit SH-2G helicopters with deliveries under both programs expected to begin in the 2000-2001 time frame. Additional information required by this item appears in the corporation's 1997 Annual Report to Shareholders, and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

ITEM 2. PROPERTIES

The corporation occupies approximately 3.34 million square feet of space throughout the United States and Canada, distributed as follows:

SEGMENT	SQUARE FEET (in thousands)
Diversified Technologies	1,514(1)
Distribution	1,786
Corporate Headquarters	40

(1) Excludes 540 thousand square feet of space attributable to the corporation's Kaman Sciences Corporation subsidiary which was sold on December 30, 1997.

Diversified Technologies principal facilities are located in Arizona, Connecticut, and Massachusetts; other facilities including offices and smaller manufacturing and assembly operations are located in several other states, and the corporation also has an

office in Turner, Australia. These facilities are used for manufacturing, research and development, engineering and office purposes. The U.S. Government owns 154 thousand square feet of the space occupied by Kaman Aerospace Corporation in Bloomfield, Connecticut in accordance with a facility contract.

The Distribution segment's facilities are located throughout the United States with principal facilities located in California, Connecticut, Kentucky, New York, Tennessee, Texas and Utah with smaller facilities located in several other states. Additional Distribution segment facilities are located in British Columbia, and Ontario, Canada. These facilities consist principally of regional distribution centers, service centers and office space with a portion used for fabrication and assembly work. Also included are facilities used for manufacturing musical instruments.

The corporation occupies a 40 thousand square foot Corporate headquarters building in Bloomfield, Connecticut.

The corporation's facilities are suitable and adequate to serve its purposes and substantially all of such properties are currently fully utilized. Many of the properties, especially within the Distribution segment, are leased.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the corporation or any of its subsidiaries is a party or to which any of their property is subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of 1997.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

CAPITAL STOCK AND PAID-IN CAPITAL

Information required by this item appears in the corporation's 1997 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

INVESTOR SERVICES PROGRAM

Shareholders of Kaman Class A common stock are eligible to participate in the Investor Services Program administered by Mellon Bank, N.A. which offers a variety of services including dividend reinvestment. A booklet describing the program may be obtained by writing to the program's Administrator, Mellon Bank, N.A., P. O. Box 3338, South Hackensack, NJ 07606-1938.

QUARTERLY CLASS A COMMON STOCK INFORMATION

	High	Low	Close	Dividend
1997				
First	$14.75	$12.25	$ 13.50	$.11
Second	16.00	12.00	15.38	.11
Third	18.88	14.50	18.38	.11
Fourth	20.38	15.25	16.38	.11
1996				
First	$11.13	$10.00	$10.88	$.11
Second	13.38	10.00	10.13	.11
Third	11.25	9.38	10.63	.11
Fourth	13.00	10.00	13.00	.11

QUARTERLY DEBENTURE INFORMATION (6% Conv. Subordinated)

	High	Low	Close
1997			
First	$92.00	$84.00	$92.00
Second	96.00	87.00	94.00
Third	100.00	94.00	96.00
Fourth	101.00	96.00	96.50
1996			
First	$87.00	$82.00	$84.00
Second	86.00	81.00	82.00
Third	85.13	80.00	82.00
Fourth	87.50	82.00	87.00

QUARTERLY DEPOSITARY SHARES INFORMATION

	High	Low	Close	Dividend
1997				
First	$57.68	$53.50	$56.00	$.8125
Second	59.13	54.94	59.13	.8125
Third	73.75	62.50	73.75	.8125
Fourth	80.25	68.00	68.50	.8125
1996				
First	$50.75	$47.00	$48.63	$.8125
Second	56.50	49.00	52.00	.8125
Third	51.50	47.50	48.50	.8125
Fourth	54.00	48.50	53.00	.8125

NASDAQ market quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

ANNUAL MEETING

The Annual Meeting of Shareholders of the corporation's Class A and Class B common stock will be held on Tuesday, April 14, 1998 at 11:00 a.m. in the offices of the corporation, 1332 Blue Hills Avenue, Bloomfield, Connecticut 06002.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item appears in the corporation's 1997 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item appears in the corporation's 1997 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item appears in the corporation's 1997 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference. Additional financial information is contained in the Financial Data Schedule included as Exhibit 27 to this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Following is information concerning each Director and Executive Officer of Kaman Corporation including name, age, position with the corporation, and business experience during the last five years:

Brian E. Barents	Mr. Barents, 54, was elected a Director in November 1996. He is President and Chief Executive Officer of Galaxy Aerospace Corp. Prior to that he was President and Chief Executive Officer of Lear Jet Inc., a subsidiary of Bombardier, Inc. He is a director of Intrust Bank of Wichita and Interactive Flight Technologies, Inc.

Fred A. Breidenbach	Mr. Breidenbach, 51, was elected a Director in February 1998. He is the owner of F. A. Breidenbach & Associates, LLC., and is the former President and Chief Operating Officer of Gulfstream Aerospace Corp. Prior to that he held various positions with General Electric Corporation.
T. Jack Cahill	Mr. Cahill, 49, has held various positions with Kaman Industrial Technologies Corporation, a subsidiary of the corporation, since 1975, and has been President of Kaman Industrial Technologies since 1993.
E. Reeves Callaway, III	Mr. Callaway, 50, has been a Director since 1995. He is President of The Callaway Companies, Inc.
Frank C. Carlucci	Mr. Carlucci, 67, has been a Director since 1989. He is Chairman of The Carlyle Group, merchant bankers. Prior to that he served as U.S. Secretary of Defense. Mr. Carlucci is also a director of Ashland, Inc., Neurogen Corporation, Northern Telecom, Ltd., Pharmacia & Upjohn, Inc., Quaker Oats Company, Sun Resorts, Ltd., N.V., Texas Biotechnology Corporation, and Westinghouse Electric Corporation.
Laney J. Chouest, M.D.	Mr. Chouest, 44, was elected a Director at the corporation's 1996 Annual Meeting of Shareholders. He is owner-manager of Edison Chouest Offshore, Inc. and Galliano Marine. Dr. Chouest is also a director of Deeptech International, Inc.
Candace A. Clark	Ms. Clark, 43, was appointed Senior Vice President and Chief Legal Officer in April 1996. Prior to that she served as Vice President and Counsel. Ms. Clark has held various positions with the corporation since 1985.
John A. DiBiaggio	Dr. DiBiaggio, 65, has been a Director since 1984. He is President and Chief Executive Officer of Tufts University. Prior to that he was President and Chief Executive Officer of Michigan State University.

Edythe J. Gaines	Dr. Gaines, 75, has been a Director since 1982. She is a retired Commissioner of the Public Utility Control Authority of the State of Connecticut.
Ronald M. Galla	Mr. Galla, 47, has been Senior Vice President and Chief Information Officer since 1995. Prior to that he served as Vice President and director of the corporation's Management Information Systems, a position which he held since 1990. Mr. Galla has been Director of the corporation's Management Information Systems since 1984.
Robert M. Garneau	Mr. Garneau, 53, has been Executive Vice President and Chief Financial Officer since 1995. Previously he served as Senior Vice President, Chief Financial Officer and Controller. Mr. Garneau has held various positions with the corporation since 1981.
Huntington Hardisty	Admiral Hardisty (USN-Ret.), 68, has been President of Kaman Aerospace International Corporation, a subsidiary of the corporation, since 1995 and he has been a Director since 1991. He retired from the U.S. Navy in 1991 having served as Commander-in-Chief for the U.S. Navy Pacific Command since 1988. He is also a director of Contraves, Inc., MPR Inc., and CNA Corporation.
Charles H. Kaman	Mr. Kaman, 78, has been Chief Executive Officer and Chairman of the Board of Directors since 1945. He was also appointed President in December, 1995, a position he previously held from 1945 to 1990.
C. William Kaman II	Mr. Kaman, 46, has been a Director since 1992 and has been Executive Vice President since 1995. He has held various positions with Kaman Music Corporation, a subsidiary of the corporation, since 1974, and continues to serve as President of that subsidiary. Mr. Kaman is the son of Charles H. Kaman, Chairman, President and Chief Executive Officer of the corporation.

Walter R. Kozlow	Mr. Kozlow, 62, has held various positions with Kaman Aerospace Corporation, a subsidiary of the corporation, since 1960. He has been President of Kaman Aerospace since 1986.
Eileen S. Kraus	Ms. Kraus, 59, has been a Director since 1995. She is Chairman of Connecticut Fleet National Bank. Since 1979 she has held various positions at Shawmut Bank Connecticut and Shawmut National Corporation, predecessors of Fleet Bank, N.A. and its holding company, Fleet Financial Group. She is a director of Yankee Energy System, Inc., The Stanley Works, and Bestfoods Corporation.
Hartzel Z. Lebed	Mr. Lebed, 70, has been a Director since 1982. He is the retired President of CIGNA Corporation.
Walter H. Monteith, Jr.	Mr. Monteith, 67, has been a Director since 1987. He is the retired Chairman of Southern New England Telecommunications Corporation. Mr. Monteith is also a director of Fleet Bank.
John S. Murtha	Mr. Murtha, 84, has been a Director since 1948. He is counsel to, and a former senior partner of, the law firm of Murtha, Cullina, Richter and Pinney LLP.
Patrick L. Renehan	Mr. Renehan, 64, was appointed Senior Vice President of Kaman Diversified Technologies Corporation, a subsidiary of the corporation, in April 1996. Prior to that he served as Vice President of that subsidiary. Mr. Renehan has held various positions with the corporation since 1983.
Wanda L. Rogers	Mrs. Rogers, 65, has been a Director since 1991. She is President and Chief Executive Officer of Rogers Helicopters, Inc. She is also Chairman of the Board of Clovis Community Bank.
Robert H. Saunders, Jr.	Mr. Saunders, 57, has been Senior Vice President since 1995. Previously he was Vice President and Chief Financial Officer of the University of Hartford from 1993 to 1995. Prior to that he was President of J. M. Ney Corporation.

Each Director and Executive Officer has been elected for a term of one year and until his or her successor is elected, except in the case of Mr. Breidenbach who was elected a director at the February, 1998 meeting of the Corporation's Board of Directors. Mr. Breidenbach's term as well as the terms of all other Directors and Executive Officers are expected to expire as of the Annual Meeting of the Shareholders and Directors of the corporation to be held on April 14, 1998.

Based upon information provided to the corporation by persons required to file reports under Section 16(a) of the Securities Exchange Act of 1934, no Section 16(a) Reporting delinquencies occurred in 1997.

ITEM 11. EXECUTIVE COMPENSATION

A) GENERAL. The following tables provide certain information relating to the compensation of the Corporation's Chief Executive Officer, its four other most highly compensated executive officers and its directors.

B) SUMMARY COMPENSATION TABLE.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Annual Compensation			Long Term Compensation			
					AWARDS			
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Comp.	RSA ($)(1)	Options*/SARs** (#Shares)	LTIP Payments	All Other Comp. ($)(2)
C. H. Kaman	1997	750,000	400,000	-------	------	------	---	56,793
Chairman and	1996	725,000	340,000	56,252(3)	------	------	---	58,412
Chief Executive Officer	1995	660,000	275,000	------	------	------	---	56,145
R.M.Garneau Executive	1997	340,000	185,000	------	99,375	10,000*/ 100,000**	---	10,896
Vice President and	1996	240,000	82,000	------	77,812	10,000*/ 0**	---	7,935
Chief Financial Officer	1995	216,000	80,000	------	56,875	7,500*/ 0**	---	6,485
W.R.Kozlow President	1997	240,000	100,000	------	79,500	9,000*/ 50,000**	---	13,588
Kaman Aerospace	1996	233,000	65,000	------	62,250	9,000*/ 0**	---	10,881
Corporation	1995	226,000	60,000	------	56,875	7,500*/ 0**	---	9,515
T.J. Cahill President,	1997	230,000	90,000	------	79,500	9,000*/ 50,000**	---	7,754
Kaman Industrial	1996	210,000	70,000	------	62,250	9,000*/ 0**	---	7,952
Technologies Corporation	1995	190,000	55,000	------	56,875	7,500*/ 0**	---	6,530
H. Hardisty President	1997	215,000	90,000	------	79,500	9,000*/ 50,000**	---	13,012
Kaman Aerospace	1996	200,000	55,000	------	62,250	9,000*/ 0**	---	9,198
International Corporation	1995	61,282	40,000	------	------	-----	---	-----

*Stock Options ("Options")
**Stock Appreciation Rights ("SARs") payable in cash only

1. As of December 31, 1997, aggregate restricted stock holdings and their year end value were: C.H. Kaman, none; R.M. Garneau, 17,100 shares valued at $280,013; W.R. Kozlow, 14,400 shares valued at $235,800; T.J. Cahill, 14,300 shares valued at $234,163; and H. Hardisty, 10,800 shares valued at $176,850. Restrictions lapse at the rate of 20% per year for all awards, beginning one year after the grant date. Awards reported in this column are as follows: R.M. Garneau, 7,500 shares in 1997, 7,500 shares in 1996, and 5,000 shares in 1995; W.R. Kozlow, 6,000 shares in 1997, 6,000 shares in 1996, and 5,000 shares in 1995; T.J. Cahill, 6,000 shares in 1997, 6,000 shares in 1996, and 5,000 shares in 1995; H. Hardisty, 6,000 shares in 1997 and 6,000 shares in 1996. Dividends are paid on the restricted stock.

2. Amounts reported in this column consist of: C.H. Kaman, $53,000 - - Officer 162 Insurance Program, $3,793 - medical expense reimbursement program ("MERP"); R.M. Garneau, $3,049 - Senior executive life insurance program ("Executive Life"), $851 - Officer 162 Insurance Program, $2,000 - employer matching contributions to the Kaman Corporation Thrift and Retirement Plan (the "Thrift Plan employer match"), $434 - MERP, $4,562 - all supplemental employer contributions under the Kaman Corporation Deferred Compensation Plan ("supplemental employer contributions"); W.R. Kozlow, $5,763 - - Executive Life, $2,000 - Thrift Plan employer match, $3,575 - MERP, $2,250 - supplemental employer contributions; T.J. Cahill, $1,527 - Executive Life, $2,000 - Thrift Plan employer match, $2,227 - MERP, $2,000 - supplemental employer contributions; H. Hardisty, $13,012 - supplemental employer contributions.

3. The corporation maintains a program pursuant to which it pays for tax and estate planning services provided to executive officers by third parties, up to certain limits. $45,314 of the figure reported in this column relates to payments for such services on behalf of Mr. Kaman.

C) OPTION/SAR GRANTS IN THE LAST FISCAL YEAR:

Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term*	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Options/ SARs** Granted (#)	% of Total Options/ SARs** Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	5%($)	10%($)
C. H. Kaman	none	----	---	---	-----	-----
R. M. Garneau	10,000/ 100,000**	5.16/ 28.57	13.25	2/11/07	916,614	2,322,880
W. R. Kozlow	9,000/ 50,000**	4.65/ 14.29	13.25	2/11/07	491,638	1,245,908
T. J. Cahill	9,000/ 50,000**	4.65/ 14.29	13.25	2/11/07	491,638	1,245,908
H. Hardisty	9,000/ 50,000**	4.65/ 14.29	13.25	2/11/07	491,638	1,245,908

*The information provided herein is required by Securities and Exchange Commission rules and is not intended to be a projection of future common stock prices.

**Stock Appreciation Rights (SARs) payable in cash only, not in shares of common stock.

D) AGGREGATED OPTION/SAR EXERCISES IN THE LAST FISCAL YEAR, AND FISCAL YEAR-END OPTION/SAR VALUES.

Name (a)	Shares acquired on Exercise(#) (b)	Value realized (c)	Number of Unexercised options at FY-end (#) exercisable/ unexercisable (d)	Value of Unexercised in-the-money options* at FY-end ($) exercisable/ unexercisable (e)
C. H. Kaman	25,000	200,625	20,000/-0-	172,500/-0-
R. M. Garneau	None	------	20,200/24,300	145,250/114,125
W. R. Kozlow	3,000	33,375	21,000/22,500	152,550/106,200
T. J. Cahill	1,000	10,250	13,800/22,200	92,800/104,138
H. Hardisty	None	------	1,800/16,200	10,800/71,325

Name (a)	Shares acquired on Exercise(#) (b)	Value realized (c)	Number of Unexercised SARs at FY-end (#) exercisable/ unexercisable (d)	Value of Unexercised in-the-money SARs* at FY-end ($) exercisable/ unexercisable (e)
C. H. Kaman	N/A	N/A	-0-/-0-	-0-/-0-
R. M. Garneau	"	"	-0-/100,000	-0-/312,500
W. R. Kozlow	"	"	-0-/50,000	-0-/156,250
T. J. Cahill	"	"	-0-/50,000	-0-/156,250
H. Hardisty	"	"	-0-/50,000	-0-/156,250

*Difference between the 12/31/97 FMV and the exercise price(s).

E) LONG TERM INCENTIVE PLAN AWARDS: No long term incentive plan awards were made to any named executive officer in the last fiscal year.

F) PENSION AND OTHER DEFINED BENEFIT DISCLOSURE. The following table shows estimated annual benefits payable at normal retirement age to participants in the Corporation's Pension Plan at various compensation and years of service levels using the benefit formula applicable to Kaman Corporation. Pension benefits are calculated based on 60 percent of the average of the highest five consecutive years of "covered compensation" out of the final ten years of employment less 50 percent of the primary social security benefit, reduced proportionately for years of service less than 30 years:

PENSION PLAN TABLE

Remuneration*	Years of Service 15	20	25	30	35
125,000	33,519	44,915	55,642	67,038	67,038
150,000	41,019	54,965	68,092	82,038	82,038
175,000	48,519	65,015	80,542	97,038	97,038
200,000	56,019	75,065	92,992	112,038	112,038
225,000	63,519	85,115	105,442	127,038	127,038
250,000	71,019	95,165	117,892	142,038	142,038
300,000	86,019	115,265	142,792	172,038	172,038
350,000	101,019	135,365	167,692	202,038	202,038
400,000	116,019	155,465	192,592	232,038	232,038
450,000	131,019	175,565	217,492	262,038	262,038
500,000	146,019	195,665	242,392	292,038	292,038

*Remuneration: Average of the highest five consecutive years of "Covered Compensation" out of the final ten years of service.

"Covered Compensation" means "W-2 earnings" or "base earnings", if greater, as defined in the Pension Plan. W-2 earnings for pension purposes consist of salary (including 401(k) and Section 125 Plan contributions but not deferrals under a non-qualified Deferred Compensation Plan), bonus and taxable income attributable to restricted stock awards. Salary and bonus amounts for the named Executive Officers for 1997 are as shown on the Summary Compensation Table. Compensation deferred under the Corporation's non-qualified deferred compensation plan is included in Covered Compensation here because it is covered by the Corporation's unfunded supplemental employees' retirement plan for the participants in that plan.

Current Compensation covered by the Pension Plan for any named executive whose Covered Compensation differs by more than 10% from the compensation disclosed for that executive in the Summary Compensation Table: Mr. Garneau, $510,077; Mr. Kozlow, $363,046; Mr. Hardisty, $290,124.

Federal law imposes certain limitations on annual pension benefits under the Pension Plan. For the named executive officers who are participants, the excess will be paid under the Corporation's unfunded supplemental employees' retirement plan.

The Executive Officers named in Item 11(b) are participants in the plan and as of December 31, 1997, had the number of years of credited service indicated: Mr. Kaman - 51.1 years; Mr. Garneau - 16.48 years; Mr. Kozlow - 37.7 years; Mr. Cahill - 22.7 years; Mr. Hardisty - 2.45 years.

Benefits are computed generally in accordance with the benefit formula described above.

G) COMPENSATION OF DIRECTORS. In 1997, non-officer members of the Board of Directors of the corporation receive an annual retainer of $20,000 and a fee of $1,000 for attending each meeting of the Board and each meeting of a Committee of the Board, except that the Chairman of the Audit Committee receives $1,250 for attending each meeting of that Committee. These fees may be received on a deferred basis. In addition each such person will receive a Restricted Stock Award (RSA) for 500 shares of Class A Common Stock (issued pursuant to the Corporation's 16b-3 qualified Stock Incentive Plan, providing for immediate vesting upon election as a director at the Corporation's 1998 Annual Meeting of Shareholders.

H) EMPLOYMENT CONTRACTS AND TERMINATION, SEVERANCE AND CHANGE OF CONTROL ARRANGEMENTS. Except as described in connection with the Corporation's Pension Plan and the Corporation's non-qualified Deferred Compensation Plan, the corporation has no employment contract, plan or arrangement with respect to any named executive which relates to employment termination for any reason, including resignation, retirement or otherwise, or a change in control of the corporation or a change in any such executive officer's responsibilities following a change of control, which exceeds or could exceed $100,000, except as disclosed in Item 13.

I) Not Applicable.

J) COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS.

1) The following persons served as members of the Personnel and Compensation Committee of the Corporation's Board of Directors during the last fiscal year: Frank C. Carlucci, Brian E. Barents, Edythe J. Gaines, Walter H. Monteith, Jr. and John S. Murtha.

None of these individuals was an officer or employee of the corporation or any of its subsidiaries during either the last fiscal year or any portion thereof in which he or she served as a member of the Personnel and Compensation Committee. Mr. Murtha's relationship with the corporation is further disclosed in Item 13 of this report.

2) During the last fiscal year no executive officer of the corporation served as a director of or as a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as a director of, or on the Personnel and Compensation Committee of the corporation.

K) Not Applicable.

L) Not Applicable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

Following is information about persons known to the corporation to be beneficial owners of more than five percent (5%) of the Corporation's voting securities. Ownership is direct unless otherwise noted.

Class of Common Stock	Name and Address Beneficial Owner	Number of Shares Owned as of February 1, 1998	Percentage of Class
Class B	Charles H. Kaman Kaman Corporation Blue Hills Avenue Bloomfield, CT 06002	258,375(1)	38.69%
Class B	Newgate Associates Limited Partnership c/o Murtha, Cullina, Richter & Pinney CityPlace I 185 Asylum Street Hartford, CT 06103	199,802	29.91%
Class B	C. William Kaman, II Kaman Corporation Blue Hills Avenue Bloomfield, CT 06002	64,206(2)	9.61%
Class B	Robert D. Moses Farmington Woods Avon, CT 06001	48,729(3)	7.30%

(1) Excludes 1,471 shares held by Mrs. Kaman. Excludes 199,802 shares reported separately above and held by Newgate Associates Limited Partnership, a limited partnership in which Mr. Kaman serves as general partner.

(2) Excludes 4,800 shares held as trustee for the benefit of certain family members.

(3) Includes 37,248 shares held by a partnership controlled by Mr. Moses.

(b) SECURITY OWNERSHIP OF MANAGEMENT. The following is information concerning beneficial ownership of the Corporation's stock by each Director of the corporation, each Executive Officer of the corporation named in the Summary Compensation Table, and all Directors and Executive Officers of the corporation as a group. Ownership is direct unless otherwise noted.

Name	Class of Common Stock	Number of Shares Owned as of February 1, 1998	Percentage of Class
Brian E. Barents	Class A	500	*
Fred A. Breidenbach	-------	-------	-----
T. Jack Cahill	Class A	44,698(1)	*
E. Reeves Callaway	Class A	500	*
Frank C. Carlucci	Class A	3,500(2)	*
Laney J. Chouest	Class A	5,831	*
John A. DiBiaggio	Class A	500	*
Edythe J. Gaines	Class A	2,697	*
Robert M. Garneau	Class A	42,863(3)	*
	Class B	19,578	2.93%
Huntington Hardisty	Class A	13,800(4)	*
Charles H. Kaman	Class A	222,920(5)	*
	Class B	258,375(6)	38.69%
C. William Kaman, II	Class A	58,359(7)	*
	Class B	64,206(8)	9.61%
Walter R. Kozlow	Class A	64,967(9)	*
	Class B	296	*
Eileen S. Kraus	Class A	1,029	*
Hartzel Z. Lebed	Class A	14,486(10)	*
Walter H. Monteith, Jr.	Class A	700	*
John S. Murtha	Class A	53,548(11)	*
	Class B	432	*
Wanda L. Rogers	Class A	500	*
All Directors and			
Executive Officers	Class A	690,672(12)	3.04%
as a group **	Class B	344,625	51.60%

* Less than one percent.

** Excludes 23,612 Class A shares and 1,471 Class B shares held by spouses of certain Directors and Executive Officers.

(1) Includes 13,800 shares subject to the exercisable portion of stock options.
(2) Held jointly with Mrs. Carlucci.
(3) Includes 20,200 shares subject to the exercisable portion of stock options.
(4) Includes 1,800 shares subject to the exercisable portion of stock options.
(5) Excludes the following: 23,132 shares held by Mrs. Kaman; 7,911 shares held by Fidelco Guide Dog Foundation, Inc., a charitable foundation of which Mr. Kaman is President and Director, in which shares Mr. Kaman disclaims beneficial ownership; 184,434 shares held by Newgate Associates Limited Partnership, a limited partnership of which Mr. Kaman is the general partner; 21,816 shares held by Oldgate Limited Partnership ("Oldgate") a limited partnership of which Mr. Kaman is the general partner; 125,034 shares held by Oldgate and as to which shares Mr. Kaman disclaims beneficial interest, such portion of Oldgate having been placed in an irrevocable trust; and 72,500 shares held by the Charles H. Kaman Charitable Foundation, a private charitable foundation. Included are 20,000 shares subject to exercisable portion of stock options.
(6) Excludes the following: 1,471 shares held by Mrs. Kaman and 199,802 shares held by Newgate Associates Limited Partnership, a limited partnership of which Mr. Kaman is the general partner.
(7) Includes 14,200 shares subject to exercisable portion of stock options; and excludes 81,998 shares held by Mr. Kaman as Trustee, in which shares Mr. Kaman disclaims any beneficial ownership.
(8) Excludes 4,800 shares held by Mr. Kaman as Trustee in which shares Mr. Kaman disclaims any beneficial ownership.
(9) Includes 21,000 shares subject to exercisable portion of stock options.
(10) Includes 6,000 shares held in an Individual Retirement Account, and shares held jointly with Mrs. Lebed; excludes 480 shares held by Mrs. Lebed.
(11) Held by Fleet National Bank pursuant to a revocable trust. Excludes 7,980 shares held by Fleet National Bank pursuant to a revocable trust for the benefit of Mrs. Murtha.
(12) Includes 115,700 shares subject to exercisable portion of stock options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During 1997, the corporation obtained legal services from the Hartford, Connecticut law firm of Murtha, Cullina, Richter and Pinney LLP of which Mr. Murtha, a Director of the corporation, is of counsel. The corporation also obtained video production services in the amount of $95,176 from Polykonn Corporation, a corporation controlled by Mr. Steven Kaman, son of Charles H. Kaman, Chairman and Chief Executive Officer of the corporation. On February 20, 1997, the corporation sold its interest in a

subsidiary company, AirKaman of Jacksonville, Inc., to a corporation controlled by C. William Kaman II for cash in the amount of approximately $3,615,000. C. William Kaman II is a director and Executive Vice President of the corporation and is the son of Charles H. Kaman. The purchase price received by the corporation was determined in accordance with an independent appraisal.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS.
See Item 8 concerning financial statements appearing as Exhibit 13 to this Report and concerning the Financial Data Schedule appearing as Exhibit 27 to this Report.

(a)(2) FINANCIAL STATEMENT SCHEDULES.
An index to the financial statement schedules immediately precedes such schedules.

(a)(3) EXHIBITS.
An index to the exhibits filed or incorporated by reference immediately precedes such exhibits.

(b) REPORTS ON FORM 8-K.

The following reports on Form 8-K were filed since the filing of the Corporation's 1996 Annual Report on Form 10-K.

Date Filed	Accession Number
April 16, 1997	54381-97-7
July 3, 1997	54381-97-12
July 24, 1997	54381-97-14
November 17, 1997	54381-97-19
January 8, 1998	54381-98-2
January 13, 1998	54381-98-3
February 11, 1998	54381-98-5

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Bloomfield, State of Connecticut, on this 16th day of March, 1998.

KAMAN CORPORATION
(Registrant)

By Charles H. Kaman, Chairman, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature:	Title:	Date:
Charles H. Kaman	Chairman, President, Chief Executive Officer and Director (Chief Executive Officer)	March 16, 1998
Robert M. Garneau	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 1998
Robert M. Garneau		March 16, 1998

Attorney-in-Fact for:

Brian E. Barents	Director
Fred A. Breidenbach	Director
E. Reeves Callaway, III	Director
Frank C. Carlucci	Director
Laney J. Chouest	Director
John A. DiBiaggio	Director
Edythe J. Gaines	Director
Huntington Hardisty	Director
C. William Kaman, II	Director
Eileen S. Kraus	Director
Hartzel Z. Lebed	Director
Walter H. Monteith, Jr.	Director
John S. Murtha	Director
Wanda L. Rogers	Director

KAMAN CORPORATION AND SUBSIDIARIES

Index to Financial Statement Schedules

REPORT OF INDEPENDENT AUDITORS

KPMG Peat Marwick LLP
Certified Public Accountants
CityPlace II
Hartford, Connecticut 06103

The Board of Directors and Shareholders
Kaman Corporation:

Under date of January 29, 1998, we reported on the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997, as contained in the 1997 annual report to shareholders. These consolidated financial statements and our report thereon are included in the annual report on Form 10-K for 1997. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG Peat Marwick LLP

Hartford, Connecticut
March 13, 1998

KAMAN CORPORATION AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Thousands)

YEAR ENDED DECEMBER 31, 1995

DESCRIPTION	BALANCE JANUARY 1, 1995	Additions: CHARGED TO COSTS AND EXPENSES	Additions: OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 1995
Allowance for doubtful accounts	$1,665	$2,476	$-----	$1,852(A)	$2,289
	======	======	======	======	======
Accumulated amortization of goodwill	$3,544	$ 355	$-----	$-----	$3,899
	======	======	======	======	======

YEAR ENDED DECEMBER 31, 1996

DESCRIPTION	BALANCE JANUARY 1, 1996	Additions: CHARGED TO COSTS AND EXPENSES	Additions: OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 1996
Allowance for doubtful accounts	$2,289	$1,288	$-----	$1,003(A)	$2,574
	======	======	======	======	======
Accumulated amortization of goodwill	$3,899	$ 365	$-----	$ 397(B)	$3,867
	======	======	======	======	======

YEAR ENDED DECEMBER 31, 1997

DESCRIPTION	BALANCE JANUARY 1, 1997	Additions: CHARGED TO COSTS AND EXPENSES	Additions: OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 1997
Allowance for doubtful accounts	$2,574	$2,950	$-----	$1,697(A)	$3,827
	======	======	======	======	======
Accumulated amortization of goodwill	$3,867	$ 345	$-----	$2,834(B)	$1,378
	======	======	======	======	======

(A) Write-off of bad debts, net of recoveries
(B) Write-off of accumulated amortization of goodwill related to the sale of a subsidiary or division.

KAMAN CORPORATION

INDEX TO EXHIBITS

Exhibit 3a	The Amended and Restated Certificate of Incorporation of the corporation, as amended, including the form of amendment designating the corporation's Series 2 Preferred Stock has been filed as Exhibits 2.1 and 2.2 to the Corporation's Form 8-A (Document No. 0-1093 filed on September 27, 1993), and is incorporated in this report by reference.	by reference
Exhibit 3b	The By-Laws of the corporation were filed as Exhibit 3(b) to the corporation's Annual Report on Form 10-K for 1990 (Document No. 0-1093, filed with the Securities and Exchange Commission on March 14, 1991).	by reference
Exhibit 4a	Indenture between the corporation and Manufacturers Hanover Trust Company, as Indenture Trustee, with respect to the Corporation's 6% Convertible Subordinated Debentures, has been filed as Exhibit 4.1 to Registration Statement No. 33 - 11599 on Form S-2 of the corporation filed with the Securities and Exchange Commission on January 29, 1987 and is incorporated in this report by reference.	by reference
Exhibit 4b	The Amended and Restated Revolving Credit Agreement between the corporation and The Bank of Nova Scotia and Fleet National Bank of Connecticut, as Co-Administrative Agents, dated as of July 3, 1997 has been filed as an exhibit to the Corporation's Form 10-Q Document No. 54381-97-16 filed with the Securities and Exchange Commission on August 15, 1997 and is incorporated in this report by reference.	by reference

Exhibit 4c	The corporation is party to certain long-term debt obligations, such as real estate mortgages, copies of which it agrees to furnish to the Commission upon request.	by reference
Exhibit 10a	The 1983 Stock Incentive Plan (formerly known as the 1983 Stock Option Plan) has been filed as Exhibit 10b(iii) to the Corporation's Annual Report on Form 10-K for 1988 (Document No. 0-1093 filed with the Securities and Exchange Commission on March 22, 1989) and is incorporated in this report by reference.	by reference
Exhibit 10b	The Kaman Corporation 1993 Stock Incentive Plan as amended effective November 18, 1997.	Attached
Exhibit 10c	The Kaman Corporation Employees Stock Purchase Plan as amended effective November 19, 1997.	Attached
Exhibit 11	Statement regarding computation of per share earnings.	Attached
Exhibit 13	Portions of the Corporation's 1997 Annual Report to Shareholders as required by Item 8.	Attached
Exhibit 21	Subsidiaries.	Attached
Exhibit 23	Consent of Independent Auditors.	Attached
Exhibit 24	Power of attorney under which this report has been signed on behalf of certain directors.	Attached
Exhibit 27	Financial Data Schedule	Attached

EXHIBIT 10(b)

KAMAN CORPORATION
1993 STOCK INCENTIVE PLAN

As Amended effective November 18, 1997

1. Purpose. This Plan includes a continuation and extension of the incentive stock program of the Corporation set forth in the First Predecessor Plan and the Second Predecessor Plan and is designed to give directors, officers and key employees of the Corporation and other persons an expanded opportunity to acquire stock in the Corporation or receive other long-term incentive remuneration in order that they may better participate in the Corporation's growth and be motivated to remain with the Corporation and promote its further development and success.

2. Definitions. The following terms shall have the meanings given below unless the context otherwise requires:

(a) "Act" means the Securities Exchange Act of 1934, as amended.

(b) "Award" or "Awards" except where referring to a particular category of grant under the Plan shall include Incentive Stock Options, Non-Statutory Stock Options, Stock Appreciation Rights and Restricted Stock Awards.

(c) "Board" means the Board of Directors of the Corporation.

(d) "Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

(e) "Committee" means the committee of the Board established under Section 9 hereof.

(f) "Corporation" means the committee of the Board established as defined by the Code.

(g) "Disability" or "disabled" means disability or disabled as defined by the Code.

(h) "Eligible Person" means any person, including a person who is not an employee of the Corporation or a Subsidiary, or entity who satisfies all the eligibility requirements set forth in either Section 3(a) or 3(b) hereof, excluding, however, any member of the Committee and any alternate member of the Committee.

(i) "Fair Market Value" of the Stock on any given date shall be the closing price of the Stock in the NASDAQ National Market System on such date, or, if no sales of the Stock occurred on that day, the then most recent prior day on which sales were reported.

(j) "First Predecessor Plan" means the Kaman Corporation 1973 Stock Option Plan.

(k) "Incentive Stock Option" means a stock option qualifying under the provisions of Section 422 of the Code.

(l) "Non-Employee Director" shall have the meaning set forth in Rule 16b-3(b)(3)(i) promulgated under the Act, and any successor to such rule.

(m) "Non-Employee Director Participant" means an Eligible Person, who at the time of grant of an Award is a director of the Corporation but not an employee of the Corporation or a Subsidiary.

(n) "Non-Statutory Option" means a stock option not qualifying for incentive stock option treatment under the provisions of Section 422 of the Code.

(o) "Optionee" means the holder of any option granted under the Plan.

(p) "Participant" means the holder of any Award granted under the Plan.

(q) "Plan" means the Kaman Corporation 1993 Stock Incentive Plan.

(r) "Principal Shareholder" means any individual owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of capital stock of the Corporation.

(s) "Restricted Stock" means Stock received pursuant to a Restricted Stock Award.

(t) "Restricted Stock Award" is defined in Section 8(a).

(u) "Second Predecessor Plan" means the Kaman Corporation 1983 Stock Incentive Plan.

(v) "Stock" or "shares" means shares of Class A Common Stock of the Corporation.

(w) "Stock Appreciation Right" or "Right" means a right described in Section 7.

(x) "Subsidiary" means any corporation in which the Corporation owns, directly or indirectly, a majority of the outstanding voting stock.

3. Eligibility.

(a) Incentive Stock Options. Incentive Stock Options may be granted to any Eligible Persons who are full-time, salaried employees of the Corporation or a Subsidiary and who in the sole opinion of the Committee are, from time to time, responsible for the management and/or growth of all or part of the business of the Corporation.

(b) Awards Other than Incentive Stock Options. Awards, other than Incentive Stock Options, may be granted to any Eligible Persons who in the sole opinion of the Committee are, from time to time, responsible for the growth and/or the management of all or a part of the business of the Corporation.

(c) Substitute Awards. The Committee, in its discretion, may also grant Awards in substitution for any stock incentive awards previously granted by companies acquired by the Corporation or one of its Subsidiaries. Such substitute awards may be granted on such terms and conditions as the Committee deems appropriate in the circumstances, provided, however, that substitute Incentive Stock Options shall be granted only in accordance with the Code.

4. Term of Plan. The Plan shall take effect on November 1, 1993 and shall remain effective for ten (10) years thereafter, expiring on October 31, 2003.

5. Stock Subject to the Plan. The aggregate number of shares of Stock which may be issued pursuant to all Awards granted under the Plan shall not exceed 2,210,000 shares of Stock, subject to adjustment as hereinafter provided in Section 10, which shall be in addition to all shares of Stock issued or reserved for issuance pursuant to options granted under the First Predecessor Plan and the Second Predecessor Plan, and which may be treasury shares or authorized but unissued shares. In the event that any Award under the Plan for any reason expires, is terminated, forfeited, reacquired by the Corporation, or satisfied without the issuance of Stock (except in the cases of (i) the Stock otherwise issuable under an Award but retained by the Corporation for payment of

withholding taxes under Section 14(b) hereof; and (ii) stock otherwise issuable under a stock option but for which the Corporation has made a discretionary payment under Section 7(d) hereof) the shares allocable to the unexercised portion of such Award may again be made subject to an Award under the Plan. Any award of a Stock Appreciation Right, to the extent that such Stock Appreciation Right may be settled only for cash, shall not be deemed to reduce the aggregate number of shares of Stock authorized to be issued pursuant to Awards granted under the Plan.

6. Stock Options. The following terms and conditions shall apply to each option granted under the Plan and shall be set forth in a stock option agreement between the Corporation and the Optionee together with such other term and conditions not inconsistent herewith as the Committee may deem appropriate in the case of each Optionee:

(a) Option Price. The purchase price under each Incentive Stock Option shall be as determined by the Committee but not less than 100% of the Fair Market Value of the shares subject to such option on the date of grant, provided that such option price shall not be less than 110% of such Fair Market Value in the case of any Incentive Stock Option granted to a Principal Shareholder. The purchase price per share of Stock deliverable upon the exercise of a Non-Statutory Option shall be determined by the Committee, but shall not be less than 85% of the Fair Market Value of such Stock on the date of grant and in no event less than the par value per share of such Stock.

(b) Type of Option. All options granted under the Plan shall be either Incentive Stock Options or Non-Statutory Options. All provisions of the Plan applicable to Incentive Stock Options shall be interpreted in a manner consistent with the provisions of, and regulations under, Section 422 of the Internal Revenue Code.

(c) Period of Incentive Stock Option. Each Incentive Stock Option shall have a term not in excess of ten (10) years from the date on which it is granted, except in the case of any Incentive Stock Option granted to a Principal Shareholder which shall have a term not in excess of five (5) years from the date on which it is granted; provided that any Incentive Stock Option granted or the unexercised portion thereof, to the extent exercisable at the time of termination of employment, shall terminate at the close of business on the day three (3) months following the date on which the Optionee ceases to be employed by the Corporation or a Subsidiary unless sooner expired or unless a longer period is provided under Subsection (g) of this Section in the event of the death or disability of such an Optionee.

(d) Period of Non-Statutory Option. Each Non-Statutory Option granted under the Plan shall have a term not in excess of ten (10) years and one (1) day from the date on which it is granted; provided that any Non-Statutory Option granted to an employee of the Corporation or a Subsidiary or to a Non-Employee Director Participant, or the unexercised portion thereof shall terminate not later than the close of business on the day three (3) months following the date on which such employee ceases to be employed by the Corporation or a Subsidiary or the date on which such Non-Employee Director ceases to be a director of the Corporation, as the case may be, unless a longer period is provided under Subsection (g) of this Section in the event of the death or disability of such an Optionee. Such an Optionee's Non-Statutory Option shall be exercisable, if at all, during such three (3) month period only to the extent exercisable on the date such Optionee's employment terminates or the date on which such Optionee ceases to be a director, as the case may be.

(e) Exercise of Option.

(i) Each option granted under the Plan shall become exercisable on such date or dates and in such amount or amounts as the Committee shall determine. In the absence of any other provision by the Committee, each option granted under the Plan shall be exercisable with respect to not more than twenty percent (20%) of such shares subject thereto after the expiration of one (1) year following the date of its grant, and shall be exercisable as to an additional twenty percent (20%) of such shares after the expiration of each of the succeeding four (4) years, on a cumulative basis, so that such option, or any unexercised portion thereof, shall be fully exercisable after a period of five (5) years following the date of its grant; provided, however, that in the absence of any other provision by the Committee, each Incentive Stock Option granted to a Principal Shareholder shall be exercisable with respect to not more than twenty-five percent (25%) of the shares subject thereto after the expiration of one (1) year following the date of its grant, and shall be exercisable as to an additional twenty-five percent (25%) after the expiration of each of the succeeding three (3) years, on a cumulative basis, so that such option, or any unexercised portion thereof, shall be fully exercisable after a period of four (4) years following the date of its grant.

(ii) The Committee, in its sole discretion, may, from time to time and at any time, accelerate the vesting provisions of any outstanding option, subject, in the case of Incentive Stock Options, to the provisions of Subsection (6)(i) relating to "Limit on Incentive Options".

(iii) Notwithstanding anything herein to the contrary, except as provided in subsection (g) of this Section, no Optionee who was, at the time of the grant of an option, an employee of the Corporation or a Subsidiary, may exercise such option or any part thereof unless at the time of such exercise he shall be employed by the Corporation or a Subsidiary and shall have been so employed continuously since the date of grant of such option, excepting leaves of absence approved by the Committee; provided that the option agreement may provide that such an Optionee may exercise his option, to the extent exercisable on the date of termination of such continuous employment, during the three (3) month period, ending at the close of business on the day three (3) months following the termination of such continuous employment unless such option shall have already expired by its term.

(iv) An option shall be exercised in accordance with the related stock option agreement by serving written notice of exercise on the Corporation accompanied by full payment of the purchase price in cash. As determined by the Committee, in its discretion, at (or, in the case of Non-Statutory Options, at or after) the time of grant, payment in full or in part may also be made by delivery of (i) irrevocable instructions to a broker to deliver promptly to the Corporation the amount of sale or loan proceeds to pay the exercise price, or (ii) previously owned shares of Stock not then subject to restrictions under any Corporation plan (but which may include shares the disposition of which constitutes a disqualifying disposition for purposes of obtaining incentive stock option treatment for federal tax purposes), or (iii) shares of Stock otherwise receivable upon the exercise of such option; provided, however, that in the event the Committee shall determine in any given instance that the exercise of such option by withholding shares otherwise receivable would be unlawful, unduly burdensome or otherwise inappropriate, the Committee may require that such exercise be accomplished in another acceptable manner. For purposes of subsections (ii) and (iii) above, such surrendered shares shall be valued at Fair Market Value on the date of exercise.

(f) Nontransferability. No option granted under the Plan shall be transferable by the Optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during his lifetime, only by him.

(g) Death or Disability of Optionee. In the event of the death or disability of an Optionee while in the employ of the Corporation or a Subsidiary or while serving as a director of the Corporation, his stock option or the unexercised portion thereof may be exercised within the period of one (1) year succeeding his death or disability, but in no event later than (i) ten (10) years (five (5) years in the case of a Principal Shareholder) from the date the option was granted in the case of an Incentive Stock Option, and (ii) ten (10) years and one (1) day in the case of a Non-Statutory Option, by the person or persons designated in the Optionee's will for that purpose or in the absence of any such designation, by the legal representative of his estate, or by the legal representative of the Optionee, as the case may be. Notwithstanding anything herein to the contrary and in the absence of any contrary provision by the Committee, during the one-year period following termination of employment or cessation as a director by reason of death or disability, an Optionee's stock option shall continue to vest in accordance with its terms and be and become exercisable as if employment or service as a director had not ceased.

(h) Shareholder Rights. No Optionee shall be entitled to any rights as a shareholder with respect to any shares subject to his option prior to the date of issuance to him of a stock certificate representing such shares.

(i) Limit on Incentive Stock Options. The aggregate Fair Market Value (determined at the time an option is granted) of shares with respect to which Incentive Stock Options granted to an employee are exercisable for the first time by such employee during any calendar year (under all incentive stock option plans of the Corporation and its Subsidiaries to the extent required under the Code) shall not exceed $100,000.

(j) Notification of Disqualifying Disposition. Participants granted Incentive Stock Options shall undertake, in the Incentive Stock Option agreements, as a precondition to the granting of such option by the Corporation, to promptly notify the Corporation in the event of a disqualifying disposition (within the meaning of the Code) of any shares acquired pursuant to such Incentive Stock Option agreement and provide the Corporation with all relevant information related thereto.

7. Stock Appreciation Rights; Discretionary Payments.

(a) Nature of Stock Appreciation Right. A Stock Appreciation Right is an Award entitling the Participant to receive an amount in cash or shares of Stock (or forms of payment permitted under Section 7(d) hereof) or a combination thereof, as determined by the Committee at the time of grant, having a value equal to (or if the Committee shall so determine at time of grant, less than) the excess of the Fair Market Value of a share of Stock on the date of exercise over the Fair Market Value of a share of Stock on the date of grant (or over the option exercise price, if the Stock Appreciation Right was granted in tandem with a stock option) multiplied by the number of shares with respect to which the Stock Appreciation Right shall have been exercised.

(b) Grant and Exercise of Stock Appreciation Rights.

(i) Stock Appreciation Rights may be granted in tandem with, or independently of, any stock option granted under the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Statutory Option, such Right may be granted either at or after the time of grant of such option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option such Right may be granted only at the time of the grant of such option. A Stock Appreciation Right or applicable portion thereof granted in tandem with a given stock option shall terminate and no longer be exercisable upon the termination or exercise of the related stock option, except that a Stock Appreciation Right granted with respect to less than the full number of shares covered by a related stock option shall not be reduced until the exercise or termination of the related stock option exceeds the number of shares not covered by the Stock Appreciation Right.

(ii) Each Stock Appreciation Right granted under the Plan shall become exercisable on such date or dates and in such amount or amounts as the Committee shall determine; provided, however, that any Stock Appreciation Right granted in tandem with a stock option shall be exercisable in relative proportion to and to the extent that such related stock option is exercisable; provided further, however, that, notwithstanding anything herein to the contrary, any Stock Appreciation Right granted in tandem with a Non-Statutory Option which has a purchase price at the date of grant of less than Fair Market Value shall not be exercisable at all until at least one (1) year after the date of grant of such option.

Except as provided in the immediately preceding sentence, in the absence of any other provision by the Committee, each Stock Appreciation Right granted under the Plan shall be exercisable with respect to not more than twenty percent (20%) of such shares subject thereto after the expiration of one (1) year following the date of its grant, and shall be exercisable as to an additional twenty percent (20%) of such shares after the expiration of each of the succeeding four (4) years, on a cumulative basis, so that such Right, or any unexercised portion thereof, shall be fully exercisable after a period of five (5) years following the date of its grant. The Committee, in its sole discretion, may, from time to time and at any time, accelerate the vesting provisions of any outstanding Stock Appreciation Right.

(iii) Notwithstanding anything herein to the contrary, except as provided in subsections (c)(v) and (c)(vi) of this Section, no Participant who was, at the time of the grant of a Stock Appreciation Right, an employee of the Corporation or a Subsidiary, may exercise such Right or any part thereof unless at the time of such exercise, he shall be employed by the Corporation or a Subsidiary and shall have been so employed continuously since the date of grant of such Right, excepting leaves of absence approved by the Committee; provided that the Stock Appreciation Right agreement may provide that such a Participant may exercise his Stock Appreciation Right, to the extent exercisable on the date of termination of such continuous employment unless such Right shall have already expired by its terms.

(iv) Notwithstanding anything herein to the contrary, except as provided in subsections (c)(v) and (c)(vi) of this Section, no Non-Employee Director Participant may exercise a Stock Appreciation Right or part thereof unless at the time of such exercise he shall be a director of the Corporation and shall have been a director of the Corporation continuously since the date of grant of such Right excepting leaves of absence approved by the Committee; provided that the Stock Appreciation Right agreement may provide that such Participant may exercise his Stock Appreciation Right, to the extent exercisable on the date he ceased to be a director of the Corporation, during the three (3) month period ending at the close of business on the day three (3) months following the cessation of such continuous service as a director unless such Right shall already have expired by its terms.

(v) A Stock Appreciation Right shall be exercised in accordance with the related Stock Appreciation Right Agreement by serving written notice of exercise on the Corporation.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Committee, subject to the following:

(i) Stock Appreciation Rights granted in tandem with stock options shall be exercisable only at such time or times and to the extent that the related stock options shall be exercisable;

(ii) Upon the exercise of a Stock Appreciation Right, the applicable portion of any related stock option shall be surrendered.

(iii) Stock Appreciation Rights granted in tandem with a stock option shall be transferable only with such option. Stock Appreciation Rights shall not be transferable otherwise than by will or the laws of descent and distribution. All Stock Appreciation Rights shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative.

(iv) A Stock Appreciation Right granted in tandem with a stock option may be exercised only when the then Fair Market Value of the Stock subject to the stock option exceeds the exercise price of such option. A Stock Appreciation Right not granted in tandem with a stock option may be exercised only when the then Fair Market Value of the Stock exceeds the Fair Market Value of the Stock on the date of grant of such Right.

(v) Each Stock Appreciation Right shall have a term not in excess of ten (10) years from the date on which it is granted (ten (10) years and one (1) day in the case of a Stock Appreciation Right granted in tandem with a Non-Statutory Option); provided that any Stock Appreciation Right granted to (aa) an employee of the Corporation or a Subsidiary shall terminate not later than the close of business on the day three (3) months following the date such Participant ceases to be employed by the Corporation or a Subsidiary, excepting leaves of absences approved by the Committee, and (bb) a Non-Employee Director Participant shall terminate not later

than the close of business on the day three (3) months following the date such Participant ceases to be a director of the Corporation, unless a longer period is provided under subsection (c)(vi) below in the event of death or disability of a Participant. Such a Participant's Stock Appreciation Right shall be exercisable, if at all, during such three (3) month period only to the extent exercisable on the date his employment terminates or the date he ceases to be a director, as the case may be.

(vi) In the event of the death or disability of a Participant while in the employ of the Corporation or a Subsidiary or while serving as a director of the Corporation, his Stock Appreciation Right or the unexercised portion thereof may be exercised within the period of one (1) year succeeding his death or disability, but in no event later than (i) ten (10) years from the date on which it was granted (ten (10)years and one (1) day in the case of a Non-Statutory Option), by the person or persons designated in the Participant's will for that purpose or in the absence of any such designation, by the legal representative of his estate, or by the legal representative of the Participant, as the case may be. Notwithstanding anything herein to the contrary and in the absence of any contrary provision by the Committee, during the one-year period following termination of employment or cessation as a director by reason of death or disability, a Participant's Stock Appreciation Right shall continue to vest in accordance with its terms and be and become exercisable as if employment or service as a director had not ceased.

(d) Discretionary Payments. Upon the written request of an Optionee whose stock option is not accompanied by a Stock Appreciation Right, the Committee may, in its discretion, cancel such option if the Fair Market Value of the shares subject to the option at the exercise date exceeds the exercise price thereof; in that event, the Corporation shall pay to the Optionee an amount equal to the difference between the Fair Market Value of the shares subject to the cancelled option (determined as of the date the option is cancelled) and the exercise price. Such payment shall be by check or in Stock having a Fair Market Value (determined on the date the payment is to be made) equal to the amount of such payments or any combination thereof, as determined by the Committee.

8. Restricted Stock.

(a) Nature of Restricted Stock Award. A Restricted Stock Award is an Award entitling the Participant to receive shares of Stock, subject to such conditions, including a Corporation right during a specified period or periods to require forfeiture of such shares upon the Participant's termination of employment with the Corporation or a Subsidiary or cessation as a director of the Corporation, as the case may be, as the Committee may determine at the time of grant. The Committee, in its sole discretion, may, from time to time and at any time, waive any or all restrictions and/or conditions contained in the Restricted Stock Award agreement. Notwithstanding anything herein to the contrary, the Committee, in its discretion, may grant Restricted Stock without any restrictions or conditions whatsoever. Restricted Stock shall be granted in respect of past services or other valid consideration.

(b) Award Agreement. A Participant who is granted a Restricted Stock Award shall have no rights with respect to such Award unless the Participant shall have accepted the Award within 60 days (or such shorter date as the Committee may specify) following the Award date by executing and delivering to the Corporation a Restricted Stock Award Agreement in such form as the Committee shall determine.

(c) Rights as a Shareholder. Upon complying with paragraph (b) above, a Participant shall have all the rights of a shareholder with respect to the Restricted Stock including voting and dividend rights, subject to nontransferability and Corporation forfeiture rights described in this Section 8 and subject to any other conditions contained in the Award agreement. Unless the Committee shall otherwise determine, certificates evidencing shares of Restricted Stock shall remain in the possession of the Corporation until such shares are free of any restrictions under the Plan. The Committee in its discretion may, as a precondition of the Corporation's obligation to issue a Restricted Stock Award, require the Participant to execute a stock power or powers or other agreement or instruments necessary or advisable in connection with the Corporation's forfeiture rights with respect to such shares.

(d) Restrictions. Shares of Restricted Stock may not be sold, assigned, transferred or otherwise disposed of or pledged or otherwise encumbered. In the event of termination of employment of the Participant with the Corporation or a Subsidiary for any reason, or cessation as a director of the Corporation in the case of a Non-Employee Director Participant, such shares shall be forfeited to the Corporation, except as set forth below:

(i) The Committee at the time of grant shall specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the nontransferability of the Restricted Stock and the Corporation's forfeiture rights with respect thereto shall lapse. The Committee at any time may accelerate such date or dates and otherwise waive or, subject to Section 13, amend any conditions of the Award.

(ii) Except as may otherwise be provided in the Award agreement, in the event of termination of a Participant with the Corporation or a Subsidiary for any reason or cessation as a director of the Corporation for any reason, all of the Participant's Restricted Stock shall be forfeited to the Corporation without the necessity of any further act by the Corporation, the Participant or the Participant's legal representative; provided, however, that in the event of termination of employment or cessation of service as a director of the Corporation by reason of death or disability, all conditions and restrictions relating to a Restricted Stock Award held by such a Participant shall thereupon be waived and shall lapse.

(iii) In the absence of any other provision by the Committee, each Restricted Stock Award granted to (A) an employee of the Corporation or a Subsidiary shall be subject to forfeiture to the Corporation conditioned on the Participant's continued employment and (B) Non-Employee Director Participants shall be subject to forfeiture to the Corporation conditioned on the Participant's continued service as a director of the Corporation, and in the case of clause (A) or (B), such forfeiture rights shall lapse as follows: with respect to twenty percent (20%) of the shares subject to the Restricted Stock Award on the date one year following the date of grant, and with respect to an additional twenty percent (20%) of such shares after the expiration of each of the succeeding four (4) years thereafter, on a cumulative basis, so that such Restricted Stock shall be free of such risk of forfeiture on the date five (5) years following the date of its grant.

(e) Waiver, Deferral, and Investment of Dividends. The Restricted Stock Award agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid with respect to the Restricted Stock.

9. The Committee.

(a) Administration. The Committee shall be a committee of not less than three (3) members of the Board who are Non-Employee Directors, appointed by the Board. Vacancies occurring in membership of the Committee shall be filled by the Board. The Committee shall keep minutes of its meetings. One or more members of the Committee may participate in a meeting of the Committee by means of conference telephone or similar communications equipment provided all persons participating in the meeting can hear one another. A majority of the entire Committee shall constitute a quorum, and the acts of a majority of the members present at or so participating in any meeting at which a quorum is constituted shall be the acts of the Committee. The Committee may act without meeting by unanimous written consent. Absent some other provision by the Board, the power and responsibilities of the Committee shall be vested in and assumed by the Personnel and Compensation Committee of the Board.

(b) Authority of Committee. Subject to the provisions of the Plan, the Committee shall have full and final authority to determine the persons to whom Awards shall be granted, the number of shares to be subject to each Award, the term of the Award, the vesting provisions of the Award, if any, restrictions on the Award, if any, and the price at which the shares subject thereto may be purchased. The Committee is empowered, in its discretion, to modify, extend or renew any Award theretofore granted and adopt such rules and regulations and take such other action as it shall deem necessary or proper for the administration of the Plan. The Committee shall have full power and authority to construe, interpret and administer the Plan, and the decisions of the Committee shall be final and binding upon all interested parties.

10. Adjustments. Any limitations, restrictions or other provisions of this Plan to the contrary notwithstanding, each Award agreement shall make such provision, if any, as the Committee may deem appropriate for the adjustment of the terms and provisions thereof (including, without limitation, terms and provisions relating to the exercise price and the number and class of shares subject to the Award) in the event of any merger, consolidation, reorganization, recapitalization, stock dividend, divisive reorganization, issuance of rights, combination or split-up or exchange of shares, or the like. In the event of any merger, consolidation, reorganization, recapitalization, stock dividend, divisive reorganization, issuance of rights, combination or split-up or exchange of shares, or the like, the Committee shall make an appropriate adjustment in the number of shares authorized to be issued pursuant to the Plan.

11. Options Under First Predecessor Plan and Second Predecessor Plan. Options presently outstanding which have been granted under either the First Predecessor Plan or the Second Predecessor Plan shall continue to be governed and interpreted under the terms of such plans, respectively, and not by the terms hereof.

12. Amendment to and Termination of the Plan. The Board may from time to time amend the Plan in such way as it shall deem advisable provided the Board may not extend the expiration date of the Plan, change the class of Eligible Persons, increase the maximum Award term, decrease the minimum exercise price or increase the total number of authorized shares (except in accordance with Section 10 hereof) for which Awards may be granted. The Board, in its discretion, may at any time terminate the Plan prior to its expiration in accordance with Section 4 hereof. No amendment to or termination of the Plan shall in any way adversely affect Awards then outstanding hereunder.

13. Status of Plan. Until shares pursuant to an Award or exercise thereof are actually delivered to a Participant, a Participant shall have no rights to or with respect to such shares greater than those of a general creditor of the Corporation unless the Committee shall otherwise expressly determine in connection with any Award or Awards.

14. General Provisions.

(a) Other Compensation Arrangements; No Right to Receive Awards; No Employment or Other Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional capital stock based compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases. No Eligible Person shall have any right to receive Awards except as the Committee may determine. The Plan does not confer upon any employee any right to continued employment with the Corporation or a Subsidiary or upon any director or officer of the Corporation any right to continued service as a director or officer of the Corporation, nor does it interfere in any way with the right of the Corporation or a Subsidiary to terminate the employment of any of its employees or for the Corporation to remove a director or officer with or without cause at any time.

(b) Tax Withholding, Etc. Any obligation of the Corporation to issue shares pursuant to the grant or exercise of any Award shall be conditioned on the Participant having paid or made provision for payment of all applicable tax withholding obligations, if any, satisfactory to the Committee. The Corporation and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. In the case of Non-Statutory Options, and Stock Appreciation Rights exercisable only for Stock, the Committee in its discretion, but only upon the written request of a Participant exercising such an Award, may permit such Participant to satisfy federal income tax withholding requirements occasioned by the exercise thereof by the surrender of shares otherwise to be received on the exercise of such Award. Such shares shall be valued at the Fair Market Value thereof on the date of exercise.

(c) Section 83(b) of the Code. Participants may not make, and each Award agreement shall prohibit, an election under Section 83(b) of the Code, with respect to any Award.

(d) Restrictions on Transfers of Shares. Although the Corporation presently intends to register under applicable securities laws all shares acquired or received by Participants under the Plan, the Corporation is not required to cause such shares to be registered under the Securities Act of 1933 or the securities laws of any State. Accordingly, the shares acquired or received may be "restricted securities" as defined in Rule 144 under said Securities Act of 1933 or other rule or regulation of the Securities and Exchange Commission. Any certificate evidencing any such shares may bear a legend restricting the transfer of such shares, and the recipient may be required to assert that the shares are being acquired for his own account and not with a view to the distribution thereof as a condition to the granting or exercise of an Award.

(e) Issuance of Shares. Any obligation of the Corporation to issue shares pursuant to the grant or exercise of any Award shall be conditioned on the Corporation's ability at nominal expense to issue such shares in compliance with all applicable statutes, rules or regulations of any governmental authority. The Participant shall provide the Corporation with any assurances or agreements which the Committee, in its sole discretion, shall deem necessary or advisable in order that the issuance of such shares shall comply with any such statutes, rules or regulations.

(f) Date of Grant. The date on which each Award under the Plan shall be considered as having been granted shall be the date on which the award is authorized by the Committee, unless a later date is specified by the Committee; provided, however, in the case of options intended to qualify as Incentive Stock Options, the date of grant shall be determined in accordance with the Code.

EXHIBIT 10(c)

KAMAN CORPORATION

EMPLOYEES STOCK PURCHASE PLAN

As Amended effective November 18, 1997

1. Purpose; Authorized Shares. The Kaman Corporation Employees Stock Purchase Plan (the "Plan") was adopted by the Board of Directors (the "Board") of Kaman Corporation (the "Corporation") on February 28, 1989 for the purpose of providing employees of the Corporation and its subsidiaries an opportunity to purchase Kaman Corporation Class A common stock through payroll deductions during consecutive offerings commencing July 1, 1989. As of November 18, 1997, One Million Five Hundred Thousand (1,500,000) shares of the Corporation's Class A common stock in the aggregate including shares previously authorized for issuance pursuant to the Plan but unissued as of such date have been approved for purposes of the Plan by the Board.

2. Offering Periods. Each offering shall be made over a period of one or more whole or partial Plan Years as determined by the Committee (as defined in paragraph 3), provided that in no event shall an offering period be greater than five (5) Plan Years.

3. Administration. The Plan will be administered by a committee (the "Committee") appointed by the Board, consisting of at least three of its members. Members of the Committee shall not be eligible to participate in the Plan. The Committee will have authority to make rules and regulations for the administration of the Plan, and its interpretations and decisions with respect to the Plan shall be final and conclusive. Absent some other provision by the Board, the power and responsibilities of the Committee shall be vested in and assumed by the Personnel and Compensation Committee of the Board.

4. Eligibility. All full-time regular employees of the Corporation and its subsidiaries, with at least three (3) months of service as of the effective date of each offering hereunder, will be eligible to participate in the Plan, subject to such rules as may be prescribed from time to time by the Committee. Such rules, however, shall neither permit nor deny participation in the Plan contrary to the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, Section 423 thereof, and regulations promulgated thereunder. To the extent consistent with Code Section 423, and regulations promulgated thereunder, the Committee may permit persons who are not full-time regular employees of the Corporation or one of its subsidiaries at the commencement of an offering period, or who have not satisfied the aforementioned three (3) month service requirement at the commencement of an offering period, to participate in such offering beginning on the date or at a specified date after such person has been a full-time, regular employee of the Corporation or one of its subsidiaries for at least three (3) months. No employee may be

granted a right under the Plan if such employee, immediately after the right is granted, would own five percent (5%) or more of the total combined voting power or value of the stock of the Corporation or any subsidiary. For purposes of the preceding sentence, the rules of Section 424(d) of the Code shall apply in determining stock ownership of an employee, and stock which the employee may purchase under outstanding rights shall be treated as stock owned by the employee.

5. Participation. An eligible employee may begin participation in an offering at any time by completing and forwarding a payroll deduction authorization form to the employee's appropriate payroll location. The form will authorize a regular payroll deduction from the employee's compensation, and must specify the date on which such deduction is to commence. The authorization may not be retroactive.

6. Deductions. Payroll deduction accounts will be maintained for all participating employees. An employee may authorize a payroll deduction in terms of dollars and cents per payroll period of not less than $1.00 or more than ten (10%) percent of the compensation of the employee during any such payroll period.

7. Deduction Changes. An employee may at any time increase or decrease the employee's payroll deduction by filing a new payroll deduction authorization form. The change may not become effective sooner than the next pay period after receipt of the form. A payroll deduction may be increased only twice and may be reduced only twice during any Plan Year of an offering period, unless any such additional change is required to permit the purchase of the whole number of shares for which rights have been granted to the employee under the provisions of paragraph 10.

8. Interest. Since the amount of time that the Corporation will be holding funds withheld from employees' compensation is minimal, no interest will be credited to employees' accounts.

9. Withdrawal of Funds. An employee may at any time and for any reason permanently withdraw the balance of funds accumulated in the employee's payroll deduction account, and thereby withdraw from participation in an offering. Upon any such withdrawal, the employee shall be entitled to receive in cash the value of any fractional share (rounded to four decimal places) allocated to such employee's account determined on the basis of the market value thereof as of the date of withdrawal. The employee may thereafter begin participation again only once during each Plan Year of an offering period. Partial withdrawals will not be permitted.

10. Purchase of Shares. Subject to the payroll deduction limitation set forth in paragraph 6 and the limitation below, each employee participating in an offering under this Plan will be granted a right to purchase shares of the Corporation's Class A common stock which have an aggregate purchase price (determined under paragraph 11) equal to the sum of (a) up to ten percent (10%)

of his or her compensation during each pay period of each offering period in which he or she participates and (b) any cash dividends reinvested in accordance with paragraph 12. In no event may an employee be granted a right which permits such employee's rights to purchase stock under this Plan, and any other stock purchase plan of the Corporation and its subsidiaries, to accrue at a rate which exceeds $25,000 of fair market value of stock (determined at the date of grant of the right) for each calendar year in which the right is outstanding at any time. No right may be exercised in any manner other than by payroll deduction as specified in paragraph 6 or dividend reinvestment as specified in paragraph 12.

11. Purchase Price and Payment. The purchase price to participating employees for each share of Class A common stock purchased under the Plan will be 85% of its market value at the time of purchase. Purchases of shares pursuant to the Plan shall be made on the fifteenth (15th) day of each month. The number of whole and fractional shares allocated to each employee's account as of each date of purchase shall be based upon the balance of funds in an employee's account available for the purchase of shares as of the close of the immediately preceding month. A participating employee's payroll deduction account shall be charged with the purchase price of each whole and fractional share allocated to the employee as of the date of purchase and the employee shall be deemed to have exercised a right to acquire such whole and fractional share as of such date. Additional shares covered by the participating employee's rights under the Plan will be purchased in the same manner, provided funds have again accrued in his account.

12. Dividends. Any cash dividends paid with respect to the shares held under the Plan shall be paid in cash to the participating employees for whom shares are so held on the basis of the number of whole and fractional shares so held or, if a participating employee so elects, such dividends shall be combined with payroll deductions, added to the funds held under the Plan, and applied to the purchase of additional shares of stock purchased pursuant to the Plan. A participating employee choosing to have dividends reinvested under this paragraph may terminate such election during an offering period by filing a written form at the appropriate payroll location, but may thereafter resume his election to reinvest such cash dividends only once during each Plan Year of an offering period. An election to either stop or resume dividend reinvestment will be effective with respect to the dividend payment next following receipt of the form; provided that if the form is filed within thirty (30) days before a dividend record date declared by the Board, then such election will not be effective with respect to that particular dividend declaration.

13. Stock Certificates. Stock certificates will only be issued to participating employees promptly after their request or promptly after the participating employee's withdrawal from the Plan for any reason.

14. Registration of Certificates. Certificates may be registered only in the name of the employee, or if the employee so indicates on the employee's payroll deduction authorization form, in the employee's name jointly with a member of the employee's family, with right of survivorship. An employee who is a resident of a jurisdiction which does not recognize such a joint tenancy may have certificates registered in the employee's name as tenant in common with a member of the employee's family, without right of survivorship.

15. Definitions. The following terms when used herein shall have the meanings set forth below:

(a) The phrase "market value" or "fair market value" means the closing price of the Corporation's Class A common stock in the Over-the-Counter NASDAQ National Market System, as reported in the Hartford, Connecticut local issue of The Wall Street Journal, on the business day immediately preceding the day of purchase or the effective date of the offering as the context requires.

(b) The term "subsidiary" means a subsidiary of the Corporation within the meaning of Section 424(f) of the Internal Revenue Code and the regulations thereunder, provided, however, that each consecutive offering under this Plan shall not be deemed to cover the employees of any subsidiary acquired or established after the effective date of such offering, unless so authorized by the Committee.

(c) a "Plan Year" means the calendar year.

16. Rights as a Shareholder. None of the rights or privileges of a shareholder of the Corporation shall exist with respect to (a) rights granted to a participating employee under the Plan or, (b) except as provided in paragraph 12, any fractional shares credited to the participating employee's account.

17. Rights on Retirement, Death or Termination of Employment. In the event of a participating employee's retirement, death or termination of employment, no payroll deduction shall be taken from any pay due and owing to an employee at such time, and the balance in the employee's account (including the value of any fractional shares calculated in the manner described in paragraph 9) shall be paid to the employee or, in the event of the employee's death, to the employee's estate; provided, however, that in the event shares credited to the account of a deceased employee would have been issued to the employee and a joint tenant with right of survivorship as permitted in paragraph 14 if issued immediately prior to such employee's death, then such shares shall be issued to such joint tenant, if living at the time such shares are issued.

18. Obligation of Corporation to Purchase. In the event of personal or family circumstances of an emergency nature, for a period of one year after the exercise of a right to purchase a share or shares as described in paragraphs 10 and 11, a participating employee shall have the right to offer such shares back to the Corporation at the price at which such shares were purchased, and the Corporation shall have the obligation to make such repurchase.

19. Rights Not Transferable. Rights under this Plan are not transferable by a participating employee and are exercisable during an employee's lifetime only by the employee.

20. Application of Funds. All funds received or held by the Corporation under this Plan may be used for any corporate purpose.

21. Adjustment in Cases of Changes Affecting Class A Stock. In the event of any merger, consolidation, reorganization, recapitalization, stock dividend, combination, issuance of rights, split-up or spin-off of the Corporation, or the like, the number of shares approved for this Plan shall be increased appropriately and such other adjustments to the terms of this Plan shall be made as may be deemed equitable by the Board. In the event of any other change affecting such stock, such adjustments shall be made as may be deemed equitable by the Board to give proper effect to such event.

22. Amendment of the Plan. The Board may at any time, or from time to time, amend this Plan in any respect, except that, without the approval of each class of stock of the Corporation then issued and outstanding and entitled to vote on the matter by applicable law, no amendment shall be made (i) increasing the number of shares approved for this Plan (other than as provided in paragraph 21); (ii) decreasing the purchase price per share; (iii) withdrawing the administration of this Plan from the Committee; or (iv) changing the designation of subsidiaries eligible to participate in the Plan, except adding a subsidiary as provided in paragraph 15(b).

23. Termination of Plan. This Plan and all rights of employees under an offering hereunder shall terminate:

(a) on the date that participating employees' accumulated payroll deductions pursuant to paragraph 6 and amounts reinvested pursuant to paragraph 12 are sufficient to purchase a number of shares equal to or greater than the number of shares remaining available for purchase. If the number of shares so purchasable is greater than the shares remaining available, the available shares shall be allocated by the Committee among such participating employees in such manner as it deems equitable, or

(b) at any time at the discretion of the Board.

Upon termination of the Plan all amounts in the accounts of participating employees not applied to the purchase of shares hereunder, together with the value of any fractional shares calculated in the manner described in paragraph 9, shall be promptly refunded.

24. Government Regulations. The Corporation's obligation to sell and deliver shares of its Class A common stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such stock.

25. Shares Used to Fund Plan. The Corporation may utilize unissued or treasury shares to fund the Plan. Purchases of outstanding shares may also be made pursuant to and on behalf of the Plan, upon such terms as the Corporation may approve, for delivery under the Plan.

26. Qualified Plan. This Plan is intended to qualify as an Employee Stock Purchase Plan as defined in Section 423 of the Code. The term "right" as used herein shall mean "option" as used in Section 423, and is used herein only to avoid confusion with "options" granted under the Kaman Corporation 1993 Stock Incentive Plan.

27. Successor Corporation. The rights and obligations of the Corporation under this Plan shall inure to and be binding upon any successor to all or substantially all of the Corporation's assets and business.

28. Business Days. If any event provided for in this Plan is scheduled to take place on a day which is not a business day then such event shall take place on the immediately preceding business day.

EXHIBIT 11
KAMAN CORPORATION AND SUBSIDIARIES
EARNINGS PER COMMON SHARE COMPUTATION

The computations and information required to be furnished in this Exhibit appear in the Corporation's Annual Report to Shareholders, which is filed herein as Exhibit 13 to this report, and is incorporated herein by reference.

EXHIBIT 13, PORTIONS OF THE CORPORATION'S ANNUAL REPORT TO SHAREHOLDERS
[MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS]

RESULTS OF OPERATIONS

Consolidated revenues for 1997 were $1.04 billion, compared to $953.7 million for 1996 and $899.5 million in 1995. The 1997 increase of almost 10% is primarily due to results in the Diversified Technologies segment, while the increase for 1996 was equally attributable to the Diversified Technologies and Distribution segments.

Diversified Technologies segment revenues increased 22% in 1997, 9% in 1996 and 4% in 1995. The results for 1997 were primarily due to the corporation's SH-2G helicopter programs and its proprietary line of self-lubricating bearings and driveline couplings. Revenues also increased for its defense information technology and services operation (referred to as "Kaman Sciences"), which was sold on December 30, 1997.

The Diversified Technologies segment's principal programs are in the aerospace business; they include the SH-2G multi-mission naval helicopter, subcontract work involving airframe structures, and the manufacture of niche market products such as self-lubricating bearings and driveline couplings for aircraft applications. The corporation's K-MAX(R) helicopter program is also part of the Diversified Technologies segment.

The SH-2G helicopter program generally involves retrofit of the corporation's SH-2F helicopters, previously manufactured for the U.S. Navy (and currently in storage), to the SH-2G configuration. The corporation is currently performing this work under a contract for the Republic of Egypt's acquisition of ten (10) SH-2G helicopters from the U.S. Navy. The contract has a value of about $150 million, of which about 85% percent has now been recorded as revenue. The first delivery was made in October, 1997 and deliveries are scheduled to continue through 1998.

During 1997, contracts were signed with the Commonwealth of Australia and the Government of New Zealand for the supply of retrofit SH-2G aircraft. The work for Australia involves eleven (11) helicopters (incorporating a new cockpit and new weapons and sensors) with support, including a support services facility, for the Royal Australian Navy. This contract is valued at nearly $600 million. The work for New Zealand involves four (4) aircraft, and support, for New Zealand defense forces. This contract is valued at nearly $180 million. It is expected that revenues and earnings will phase in gradually; revenue was recorded for each of these contracts in the third and fourth quarters of 1997. Deliveries under both programs are expected to begin in the 2000 - 2001 time frame.

Certain other regions of the world are developing naval helicopter requirements, and the corporation is pursuing this business in a highly competitive environment. However, management continues to believe that political and financial conditions in various areas may well slow the prospects for potential sales. The recent economic difficulties in Southeast Asia demonstrate this, as it appears that certain procurement awards are likely to be delayed in that region.

Management anticipates that there are sufficient SH-2F aircraft available in storage to meet existing and certain potential program requirements. At some point in the future, however, it is possible that there may be a need to re-certify certain dynamic components of the SH-2 aircraft. Management is exploring the factors that would be involved in such a re-certification process.

There are currently fourteen (14) SH-2G aircraft in the U.S. Naval Reserves. The corporation expects to continue providing logistics and spare parts support for these aircraft for a period of time, even though this aircraft is no longer manufactured for the U.S. government.

The corporation also performs subcontract work for certain airframe manufacturing programs and manufactures various niche market products, including self-lubricating bearings for use in aircraft, hydro power installations, ships, and submarines, and driveline couplings for use in helicopters. These businesses have benefitted from growth in the commercial aviation market during 1997.

Management continues to take a conservative approach to production of its K-MAX helicopter, a medium to heavy lift "Aerial Truck" with many potential applications, including logging, movement of equipment and materials for projects such as ski lift and oil rig construction, utility power line work, fire fighting, and reforestation. Management believes that this approach will give the aircraft's markets time to develop and expects that sales and profitability will take some time to achieve. The K-MAX has been used extensively in the logging industry during its four years of commercial operation. Some softness has developed in this market in the U.S. Pacific Northwest and Canada, due at least in part to the effect of economic conditions in Southeast Asia upon export sales in the logging industry. These circumstances could affect sales of the K-MAX. Management also recognizes that the market has been affected by the availability of military surplus aircraft released to the public at lower cost than new aircraft. Another potential K-MAX application is the task of vertical replenishment (VERTREP), a non-combat role in the military. As the federal government has explored the concept of outsourcing VERTREP work to commercial

providers, the U.S. Navy Military Sealift Command has awarded K-MAX two separate demonstration projects using charter/lease arrangements. Management believes that the federal government is continuing to consider the commercial outsourcing alternative.

The corporation sold Kaman Sciences to ITT Industries, Inc. on December 30, 1997 for $135 million in cash. There was a pre-tax gain on the sale of approximately $90 million, which is not included in the operating profits figure for the Diversified Technologies segment. Kaman Sciences contributed approximately $145 million to the corporation's 1997 revenues. Management's decision to sell Kaman Sciences was based upon its assessment of trends in the defense sciences industry, including increasing consolidation and a tendency for defense sciences contracts to become larger in size and longer in duration in relation to the corporation's determination to focus capital investment in its aerospace and industrial distribution businesses.

Overall, Distribution segment revenues increased 2% in 1997, 4% in 1996, and by 13% in 1995. The results for 1997 reflect an increase of 7% for Industrial Distribution (which constitutes almost 80% of the segment's revenues) offset by a decrease of 13% in Music Distribution.

The Industrial Distribution business continues to benefit from a healthy domestic economy, internal initiatives to enhance operating efficiencies, and ongoing efforts to differentiate the business by offering a product mix which incorporates more value-added high technology and providing certain technical services to support customer needs. The company has expanded its geographic presence in order to provide products and services even more efficiently; in the past two years, 25 new branch facilities have been opened in the southern and western regions of the U.S., including five branches located in Texas that were acquired as part of an asset acquisition during the year. In this environment, the company is seeking appropriate opportunities for further growth.

In view of the fact that sales of the Industrial Distribution business are made to nearly every sector of U.S. industry, demand for products tends to be influenced by industrial production levels. As a result, the economic difficulties in Southeast Asia are being monitored by management for their potential impact on U.S. industry. Additionally, while the industrial distribution business has traditionally been very competitive, increasing consolidation in the industry during 1997 appears to be resulting in even more intense competition.

The Music Distribution business was affected in 1997 by softness in the markets for its products. Management believes that this represents a general shift in musical tastes and buying habits in the market for music instruments, and to some degree structural changes in the industry. Based on its assessment of these changes and the capital investment that would have been required in the future, management decided to exit the amplifier manufacturing business in 1997 and thus sold the company's Trace Elliot operation located in Great Britain. A pre-tax loss of $10.4 million was taken on the transaction, which is not included in the operating profits figure for the Distribution segment. The company also took a charge during the year to cover costs associated with receivable and inventory carrying values and streamlining its operations. Internal initiatives have been undertaken to refocus product lines and improve operating efficiencies with a view toward focusing primarily on the distribution of fretted instruments, including its Ovation(R) guitars, percussion instruments, instructional instruments and accessories.

Total operating profits for the segments for 1997 increased by 2% compared to 1996. Operating profits for Diversified Technologies increased almost 13% for 1997 compared to the prior year, primarily due to the SH-2G program and demand for specialty bearings and scientific services, offset to some extent by continuing difficulty in the electromagnetics operation in transitioning from defense to commercial business. Operating profits for the Distribution segment decreased 17% for 1997 compared to 1996, due primarily to the charge taken and loss of sales in the Music Distribution portion of the Distribution segment business.

Net earnings for 1997 were $70.5 million, compared to $23.6 million in 1996. Excluding all special items for each year, earnings available to common shareholders increased more than 11% to $19.5 million in 1997 from $17.5 million in 1996. Net earnings for 1997 include a post-tax gain of approximately $53.5 million, or $2.80 per common share basic, on the sale of Kaman Sciences and a post-tax loss of $6.1 million, or 32 cents per common share basic, on the sale of Trace Elliot. Net earnings for 1996 include a post-tax gain of $2.3 million, or 12 cents per common share basic, on the sale of real estate within the Diversified Technologies segment. Earnings available to common shareholders for 1997, including special items, were $66.8 million, or $3.53 per common share basic, $2.86 per common share diluted, compared to $19.9 million, or $1.07 per common share basic, $1.00 per common share diluted in 1996.

For 1996, total operating profits for the segments were $62.4 million and net earnings were $23.6 million, compared to operating profits of $52.8 million and net earnings of $19.6 million in 1995. After giving effect to the preferred stock dividend requirement, earnings available to common shareholders for 1996 were $19.9 million compared to $15.9 million in 1995. The Diversified Technologies segment had operating profits of $39.8 million for 1996 compared to $33.5 million in the previous year. Operating profits of the segment for 1996 benefited from reductions in research and development expenditures and a gain of approximately $4.0 million attributable to the sale of real estate, partially offset by costs associated with the electromagnetics business which has had some difficulty with a market-driven conversion from defense to commercial products. Also included in 1995 operating profits was a $1.8 million gain on the sale of real estate. Operating profits in the Distribution segment increased in 1996 to $22.6 million from $19.4 million in 1995. During 1996, the Industrial Distribution business continued to benefit from relatively healthy domestic markets, but these results were offset somewhat by a slowdown in foreign music markets and continued efforts to improve efficiency in Music Distribution's European amplifier manufacturing operations.

Due to the adoption of SFAS No. 128 (discussed below), both the earnings per share - basic and earnings per share - diluted figures for 1996 and 1995 have been restated. The earnings per share - diluted figures include the potential conversion of the 6% convertible subordinated debentures, potential conversion of the corporation's Series 2 preferred stock and the exercise of stock options, since they were dilutive.

Interest expense decreased 21% in 1997 compared to 1996. The reduction is primarily due to the application of a substantial portion of advance payments received from the governments of Australia and New Zealand to pay down bank debt. Interest expense increased 13% in 1996 compared to 1995, largely due to substantially higher average borrowing due to increased capital requirements.

The consolidated effective income tax rate for 1997 was 41.4% compared to 42.0% for 1996 and 40.1% for 1995.

Effective December 31, 1997, the corporation has adopted the provisions of Statement of Financial Accounting Standards No. 128 "Earnings per Share." The application of this standard has not resulted in any material impact to the consolidated financial statements.

Effective January 1, 1998, the provisions of Statements of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" and No. 131 "Disclosures about Segments of an Enterprise and Related Information" will apply to the corporation. The corporation anticipates that application of these statements will have an effect on presentation of its financial information.

Management is aware of the potential software logic anomalies associated with the year 2000 date change. The corporation is in the process of evaluating the potential issues that might need to be addressed in connection with its operations. Based on preliminary information, costs of addressing the issue are not expected to have any material effect upon the corporation's financial position, results of operations, or cash flows in future periods.

LIQUIDITY AND CAPITAL RESOURCES

The corporation's cash flow from operations has generally been sufficient to finance a significant portion of its working capital and other capital requirements, however for 1996 and 1995, increased capital requirements resulted in financing more of the corporation's working capital requirements from bank borrowings.

During 1997, operating activities generated cash, principally due to advance payments from the governments of Australia and New Zealand under their SH-2G programs (which payments are discussed further below). This result was partially offset by working capital requirements, primarily due to increases in accounts receivable for the SH-2G programs for Egypt, Australia, and New Zealand.

For 1996 and 1995, operating activities required additional cash due principally to growth in accounts receivable and inventories. Accounts receivable increased in 1995 primarily due to the SH-2G helicopter programs for the U.S. Navy, and increased in 1996 due to the SH-2G program for Egypt. Increases in inventory levels have been primarily attributable to the K-MAX helicopter program. This has involved both the method of introduction of the aircraft to the market and the timing of aircraft production lots. Specifically, the first group of five (5) aircraft were leased under a special introductory lease program during 1994 and 1995, so these aircraft were added to inventory along with 1995 production aircraft. Spare parts production in order to fully support the program has also added to inventory levels. Inventories at December 31, 1996 and 1995 include K-MAX aircraft that were principally being used in various applications under shorter-term lease or charter/lease arrangements. Distribution segment inventory growth was in line with increased business.

Cash used in investing activities has traditionally been for the acquisition of machinery and computer equipment used in manufacturing and distribution. During 1997, these customary requirements were more than offset by proceeds from the sale of businesses and other assets, principally the disposition of Kaman Sciences in the Diversified Technologies segment. For 1996 and 1995, proceeds from the sale of other assets increased, primarily due to the sale of certain real estate associated with Diversified Technologies segment operations.

Cash used by financing activities was primarily attributable to payments made to reduce bank debt and the payment of dividends. Cash provided by financing activities during 1996 and 1995 was primarily used to support the increase in working capital requirements previously described for those periods.

For borrowing purposes, the corporation maintains a revolving credit agreement involving a group of domestic and foreign banks. This facility provides a maximum unsecured line of credit of $250 million. The agreement has a term of five years ending in January 2001, and contains various covenants, including debt to capitalization, consolidated net worth requirements, and limitations on other loan indebtedness that the corporation may incur. The agreement was amended and restated during 1997 to specifically address the issuance of certain letters of credit, which are treated in the same manner as borrowings under the agreement.

During 1997, the governments of Australia and New Zealand made advance payments of $104.3 million in connection with their SH-2G contracts, which were fully secured by the corporation through the issuance of irrevocable letters of credit. It is anticipated that the face amount of these letters of credit will be reduced as certain milestones are reached, in accordance with the terms of the relevant contracts.

Under the revolving credit agreement, the corporation has the ability to borrow funds on both a short-term and long-term basis. As of December 31, 1997, the corporation had virtually no outstanding borrowing. Average borrowings were $84.8 million for the year, compared to $125 million for 1996 and $96.3 million for 1995. Substantially all of the advance payments described above and certain of the proceeds from the sale of Kaman Sciences were used to pay down bank debt in the third and fourth quarters of 1997.

At December 31, 1997, the corporation had $31.5 million of its 6% convertible subordinated debentures outstanding. The debentures are convertible into shares of Class A common stock at any time on or before March 15, 2012 at a conversion price of $23.36 per share, generally at the option of the holder. Pursuant to a sinking fund requirement that began March 15,1997, the corporation will redeem approximately $1.7 million of the outstanding principal of the debentures each year.

As of December 23, 1997, 95,106 shares of the corporation's Series 2 preferred stock were converted to Class A common stock pursuant to a call for partial redemption issued on November 20, 1997. Pursuant to a January 8, 1998 redemption call for the balance of the Series 2 preferred stock, the remaining shares were converted into 3,000,174 shares of Class A common stock as of February 9, 1998. An immaterial number of Series 2 preferred shares were redeemed by the corporation and settled in cash.

Management believes that the corporation's cash flow from operations, cash equivalents and available unused bank lines of credit under its revolving credit agreement will be sufficient to finance its working capital and other capital requirements for the foreseeable future.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information relating to the corporation's business and prospects, including the SH-2G and K-MAX helicopter programs, and specialty self-lubricating bearings and couplings, as well as other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Those uncertainties include, but are not limited to: 1) the successful conclusion of contract negotiations with government authorities, including foreign governments; 2) political developments in countries where the corporation intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) economic and competitive conditions in markets served by the corporation including in particular economic conditions in Southeast Asia; 5) the degree of acceptance of new products in the marketplace; 6) U.S. industrial production levels; 7) currency exchange rates, taxes, laws and regulations, inflation rates, general business conditions and other factors. Any forward-looking information should be considered with these factors in mind.

[SELECTED QUARTERLY FINANCIAL DATA]

(In thousands except
per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
NET SALES:					
1997	$ 251,794	$249,920	$269,852	$271,799	$1,043,365
1996	239,508	246,148	227,680	234,770	948,106
GROSS PROFIT:					
1997	$ 62,726	$ 61,475	$ 63,574	$ 67,619	$ 255,394
1996	62,044	60,432	57,319	59,806	239,601
NET EARNINGS (LOSS):					
1997	$ (4,407)	$ 6,710	$ 7,097	$ 61,104	$ 70,504
1996	5,202	5,412	5,834	7,129	23,577
PER COMMON SHARE - BASIC:					
1997	$ (.28)	$ .31	$ .33	$ 3.15	$ 3.53
1996	.23	.24	.27	.33	1.07
PER COMMON SHARE - DILUTED:					
1997	$ (.28)	$ .28	$ .29	$ 2.43	$ 2.86
1996	.22	.23	.25	.30	1.00

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The net earnings (loss) per common share figures have been restated as a result of the adoption of Statement of Financial Accounting Standards No. 128, Earnings per Share.

Due to the loss in the first quarter of 1997, the quarterly per common share amounts for 1997 do not equal the total year.

[CONSOLIDATED BALANCE SHEETS]
(In thousands except share and per share amounts)

December 31	1997	1996
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 109,974	$ 5,445
Accounts receivable	191,154	185,516
Inventories	199,485	213,468
Deferred income taxes	21,475	22,392
Other current assets	13,216	7,310
Total current assets	535,304	434,131
PROPERTY, PLANT AND EQUIPMENT, NET	57,625	76,393
GOODWILL, NET	2,629	7,639
OTHER ASSETS	2,603	3,573
	$ 598,161	$ 521,736
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 5,547	$ 60,837
Current portion of long-term debt	1,660	2,165
Accounts payable-trade	45,264	61,334
Accrued salaries and wages	10,254	10,733
Accrued vacations	5,575	7,079
Customer advances	104,723	--
Other accruals and payables	49,774	53,490
Income taxes payable	36,728	--
Total current liabilities	259,525	195,638

[CONSOLIDATED BALANCE SHEETS]
(In thousands except share and per share amounts)

DEFERRED CREDITS	18,759	14,028
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	29,867	83,940
SHAREHOLDERS' EQUITY:		
Capital stock, $1 par value per share:		
Preferred stock, authorized 700,000 shares:		
Series 2 preferred stock, 6 1/2% cumulative convertible (stated at liquidation preference of $200 per share) authorized 500,000 shares, issued 188,456 shares in 1997 and 285,837 shares in 1996	37,691	57,167
Common stock:		
Class A, authorized 48,500,000 shares, nonvoting; $.10 per common share dividend preference; issued 19,936,385 shares in 1997 and 18,075,247 shares in 1996	19,936	18,075
Class B, authorized 1,500,000 shares, voting; issued 667,814 shares in 1997 and 1996	668	668
Additional paid-in capital	42,876	21,696
Retained earnings	190,336	132,058
Unamortized restricted stock awards	(1,147)	(818)
Equity adjustment from foreign currency translation	(320)	(612)
	290,040	228,234
Less 2,929 shares and 9,738 shares of Class A common stock in 1997 and 1996, respectively, held in treasury, at cost	(30)	(104)
Total shareholders' equity	290,010	228,130
	$ 598,161	$ 521,736

See accompanying notes to consolidated financial statements.

[CONSOLIDATED STATEMENTS OF OPERATIONS]
(In thousands except per share amounts)

Year ended December 31	1997	1996	1995
REVENUES:			
Net sales	$ 1,043,365	$ 948,106	$ 896,398
Other	1,450	5,548	3,078
	1,044,815	953,654	899,476
COSTS AND EXPENSES:			
Cost of sales	787,971	708,505	666,761
Selling, general and administrative expense	208,763	193,747	190,604
Net gain on sale of businesses	(80,351)	--	--
Interest expense	7,894	10,023	8,834
Other expense	234	702	546
	924,511	912,977	866,745
EARNINGS BEFORE INCOME TAXES	120,304	40,677	32,731
INCOME TAXES	49,800	17,100	13,129
NET EARNINGS	$ 70,504	$ 23,577	$ 19,602
PREFERRED STOCK DIVIDEND REQUIREMENT	$ (3,716)	$ (3,716)	$ (3,716)
EARNINGS APPLICABLE TO COMMON STOCK	$ 66,788	$ 19,861	$ 15,886
PER SHARE:			
Net earnings per common share:			
Basic	$ 3.53	$ 1.07	$ .87
Diluted	2.86	1.00	.85
Dividends declared:			
Series 2 preferred stock	13.00	13.00	13.00
Common stock	.44	.44	.44

See accompanying notes to consolidated financial statements.

[CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY]
(In thousands except share amounts)

Year ended December 31	1997	1996	1995
SERIES 2 PREFERRED STOCK:			
Balance - beginning of year	$ 57,167	$ 57,167	$ 57,167
Shares converted	(19,451)	--	--
Shares redeemed	(25)	--	--
Balance - end of year	37,691	57,167	57,167
CLASS A COMMON STOCK:			
Balance - beginning of year	18,075	17,788	17,600
Shares issued upon conversion	1,548	--	--
Shares issued - other	313	287	188
Balance - end of year	19,936	18,075	17,788
CLASS B COMMON STOCK	668	668	668
ADDITIONAL PAID-IN CAPITAL:			
Balance - beginning of year	21,696	19,319	17,853
Conversion of Series 2 preferred stock	17,903	--	--
Employee stock plans	2,506	1,871	1,427
Restricted stock awards	771	506	39
Balance - end of year	42,876	21,696	19,319
RETAINED EARNINGS:			
Balance - beginning of year	132,058	120,399	112,592
Net earnings	70,504	23,577	19,602
Dividends declared:			
Preferred stock	(3,716)	(3,716)	(3,716)
Common stock	(8,510)	(8,202)	(8,079)
Balance - end of year	190,336	132,058	120,399
UNAMORTIZED RESTRICTED STOCK AWARDS:			
Balance - beginning of year	(818)	(609)	(744)
Stock awards issued	(804)	(517)	(179)
Amortization of stock awards	475	308	314
Balance - end of year	(1,147)	(818)	(609)

[CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY]
(In thousands except share amounts)

EQUITY ADJUSTMENT FROM FOREIGN CURRENCY TRANSLATION:			
Balance - beginning of year	(612)	(280)	(444)
Translation adjustment	292	(332)	164
Balance - end of year	(320)	(612)	(280)
TREASURY STOCK:			
Balance - beginning of year	(104)	(169)	(938)
Shares acquired in 1997 - 259; 1996 - 501; 1995 - 38,685	(5)	(5)	(430)
Shares reissued under various stock plans	79	70	1,199
Balance - end of year	(30)	(104)	(169)
TOTAL SHAREHOLDERS' EQUITY	$ 290,010	$ 228,130	$214,283

See accompanying notes to consolidated financial statements

[CONSOLIDATED STATEMENTS OF CASH FLOWS]
(In thousands except share amounts)

Year ended December 31	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 70,504	$ 23,577	$ 19,602
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:			
Depreciation and amortization	12,223	12,358	12,687
Net gain on sale of businesses	(80,351)	--	--
Net gain on sale of assets	(859)	(4,094)	(1,660)
Deferred income taxes	3,718	(1,298)	10,171
Other, net	1,532	1,785	1,130
Changes in current assets and liabilities, net of effects of businesses sold:			
Accounts receivable	(30,321)	(7,638)	(31,981)
Inventories	6,241	(20,734)	(33,583)
Other current assets	(7,218)	1,614	(1,299)
Accounts payable - trade	(13,720)	(395)	7,294
Customer advances	104,723	--	--
Accrued expenses and payables	(8,555)	(9,744)	(3,206)
Income taxes payable	37,591	--	(978)
Cash provided by (used in) operating activities	95,508	(4,569)	(21,823)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of businesses and other assets	139,580	6,883	4,210
Expenditures for property, plant and equipment	(13,690)	(7,966)	(11,503)
Other, net	559	(333)	(99)
Cash provided by (used in) investing activities	126,449	(1,416)	(7,392)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Changes in notes payable	(55,290)	(2,014)	10,192
Changes in current portion of long-term debt	(250)	1,518	(12)
Additions to long-term debt	--	20,000	30,000
Reduction of long-term debt	(52,564)	(2,446)	(1,047)
Proceeds from exercise of employee stock plans	2,907	2,217	2,674
Purchases of treasury stock	(5)	(5)	(430)
Dividends paid-Series 2 preferred stock	(3,716)	(3,716)	(3,716)
Dividends paid-common stock	(8,510)	(8,202)	(8,079)
Cash provided by (used in) financing activities	(117,428)	7,352	29,582

[CONSOLIDATED STATEMENTS OF CASH FLOWS]
(In thousands except share amounts)

NET INCREASE IN CASH AND CASH EQUIVALENTS	104,529	1,367	367
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,445	4,078	3,711
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 109,974	$ 5,445	$ 4,078

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:

During 1997, holders of the corporation's Series 2 preferred stock converted 97,254 shares into 1,548,242 shares of Class A common stock.

See accompanying notes to consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the parent corporation and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Excess funds are invested in cash equivalents which consist of highly liquid investments with original maturities of three months or less.

Long-Term Contracts - Revenue Recognition - Sales and estimated profits under long-term contracts are principally recognized on the percentage-of-completion method of accounting using the ratio that costs incurred bear to estimated total costs after giving effect to estimates of costs to complete based upon most recent information for each contract. Sales and estimated profits on other contracts are recorded as products are shipped or services are performed. Reviews of contracts are made periodically throughout their lives and revisions in profit estimates are recorded in the accounting period in which the revisions are made. Any anticipated contract losses are charged to operations when first indicated.

Inventories - Inventory of merchandise for resale is stated at cost (using the average costing method) or market, whichever is lower. Contracts and work in process and finished goods are valued at production cost represented by material, labor and overhead, including general and administrative expenses where applicable. Contracts and work in process and finished goods are not recorded in excess of net realizable values.

Property, Plant and Equipment - Depreciation of property, plant and equipment is computed primarily on a straight-line basis over the estimated useful lives of the assets. At the time of retirement or disposal, the acquisition cost of the asset and related accumulated depreciation are eliminated and any gain or loss is credited or charged against income.

Maintenance and repair items are charged against income as incurred, whereas renewals and betterments are capitalized and depreciated.

Goodwill - Amortization of goodwill is calculated on a straight-line method over its estimated useful life but not in excess of forty years. Such amortization amounted to $345 in 1997, $365 in 1996 and $355 in 1995.

At each balance sheet date, the corporation evaluates the carrying value of goodwill based upon its assessment of the forecasted future operations (including interest expense) and other factors for each subsidiary having a material goodwill balance.

Research and Development - Research and development costs not specifically covered by contracts are charged against income as incurred. Such costs amounted to $6,889 in 1997, $8,036 in 1996 and $13,664 in 1995.

Income Taxes - Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases using enacted tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled.

(In thousands except share and per share amounts)

SALE OF BUSINESSES

On December 30, 1997, the corporation sold Kaman Sciences Corporation (a wholly owned subsidiary) for $135,000 in cash. The sale resulted in a pre-tax gain of $90,751. Certain proceeds from the sale were used to reduce borrowings under the revolving credit agreement with the balance invested in cash equivalents. Kaman Sciences Corporation, an information technology and services operation, contributed $145,000 to 1997 sales.

On June 27, 1997, the corporation sold Trace Elliot Limited (a wholly owned subsidiary) to a Trace Elliot management group. As a result of the sale, the corporation recorded a pre-tax charge of $10,400. Trace Elliot, Kaman Music's amplifier manufacturing business in Great Britain, contributed $4,200 to sales for the first six months of 1997.

ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

December 31,	1997	1996
Trade receivables, net of allowance for doubtful accounts of $3,827 in 1997, $2,574 in 1996	$ 71,197	$ 74,402
U.S. Government contracts:		
Billed	15,467	33,911
Recoverable costs and accrued profit - not billed	60,329	51,742
Commercial and other government contracts:		
Billed	18,950	10,332
Recoverable costs and accrued profit - not billed	25,211	15,129
Total	$191,154	$185,516

Recoverable costs and accrued profit-not billed represent costs incurred on contracts which will become billable upon future deliveries, achievement of specific contract milestones or completion of engineering and service type contracts. Management estimates that approximately $25,250 of such costs and accrued profits at December 31, 1997 will be collected after one year.

(In thousands except share and per share amounts)

INVENTORIES

Inventories are comprised as follows:

December 31,	1997	1996
Merchandise for resale	$107,112	$110,126
Contracts in process:		
U.S. Government	7,757	12,637
Commercial	12,194	7,754
Other work in process (including certain general stock materials)	41,088	52,442
Finished goods	31,334	30,509
Total	$199,485	$213,468

(In thousands except share and per share amounts)

Finished goods inventory consists of (i) K-MAX(Registered Trademark) helicopters, certain of which are being used under shorter-term leases or held for potential use under charter/lease arrangements; and (ii) K-MAX spare parts.

The aggregate amounts of general and administrative costs allocated to contracts in process during 1997, 1996 and 1995 were $57,474, $47,985 and $46,833, respectively.

The estimated amounts of general and administrative costs remaining in contracts in process at December 31, 1997 and 1996 amount to $3,808 and $3,872, respectively, and are based on the ratio of such allocated costs to total costs incurred.

PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment are recorded at cost and summarized as follows:

December 31,	1997	1996
Land	$ 6,332	$ 8,224
Buildings	32,552	55,452
Leasehold improvements	12,827	14,659
Machinery, office furniture and equipment	101,435	112,988
Total	153,146	191,323
Less accumulated depreciation and amortization	95,521	114,930
Property, plant and equipment, net	$ 57,625	$ 76,393

(In thousands except share and per share amounts)

CREDIT ARRANGEMENTS -
SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Revolving Credit Agreement - On January 29, 1996, the corporation replaced its then existing revolving credit agreements with one revolving credit agreement involving several domestic and foreign lenders. The agreement, which expires in 2001, provides for an aggregate maximum commitment of $250,000 with interest payable at various market rates. The agreement was amended during the third quarter of 1997 to specifically address the issuance of irrevocable letters of credit which are treated in the same manner as borrowings under the agreement.

Short-Term Borrowings - Under its revolving credit agreement, the corporation has the ability to borrow funds on both a short-term and long-term basis. The corporation also has arrangements with several other banks, generally to borrow funds on a short-term basis with interest at current market rates.

Short-term borrowings outstanding are as follows:

December 31,	1997	1996
Revolving credit agreement	$ --	$52,000
Other credit arrangements	5,547	8,837
Total	$5,547	$60,837

Long-Term Debt - The corporation has long-term debt as follows:

December 31,	1997	1996
Revolving credit agreement	$ --	$50,000
Convertible subordinated debentures	31,527	33,191
Other obligations	--	2,914
Total	31,527	86,105
Less current portion	1,660	2,165
Total excluding current portion	$29,867	$83,940

(In thousands except share and per share amounts)

Restrictive Covenants - The most restrictive of the covenants contained in the revolving credit agreement requires the corporation to have operating income, as defined, at least equal to 250% of interest expense through December 31, 1997 and 275% thereafter; consolidated total indebtedness to total capitalization of not more than 55%; and consolidated net worth at least equal to $200,000.

Certain Letters of Credit - At December 31, 1997, the face amounts of irrevocable letters of credit issued under the corporation's revolving credit agreement totaled $104,300.

Convertible Subordinated Debentures - The corporation issued its 6% convertible subordinated debentures during 1987. The debentures are convertible into shares of the Class A common stock of Kaman Corporation at any time on or before March 15, 2012 at a conversion price of $23.36 per share at the option of the holder unless previously redeemed by the corporation. Pursuant to a sinking fund requirement that began March 15, 1997, the corporation will redeem $1,660 of the outstanding principal amount of the debentures annually. The debentures are subordinated to the claims of senior debt holders and general creditors. These debentures have a fair value of $30,424 at December 31, 1997 based upon current market prices.

Other Obligations - These obligations consisted primarily of notes issued by the corporation to industrial and economic development authorities in connection with the issuance of their bonds in similar amounts. These obligations were eliminated in connection with the sale of Kaman Sciences Corporation.

Long-Term Debt Annual Maturities - The aggregate amounts of annual maturities of long-term debt for each of the next five years are approximately as follows:

1998	$1,660
1999	1,660
2000	1,660
2001	1,660
2002	1,660

Interest Payments - Cash payments for interest were $8,695, $9,682 and $8,587 for 1997, 1996 and 1995, respectively.

(In thousands except share and per share amounts)

CUSTOMER ADVANCES

The corporation has received certain customer advances for the purchase of SH-2G helicopters. In accordance with contract requirements, the corporation fully secured these advances, upon their receipt, through the issuance of irrevocable letters of credit. It is anticipated that the face amounts of these letters of credit will be reduced as various contract milestones are achieved.

INCOME TAXES

The components of income taxes are as follows:

	1997	1996	1995
Current:			
Federal	$ 36,532	$ 13,734	$ 1,958
State	9,550	4,664	1,000
	46,082	18,398	2,958
Deferred:			
Federal	2,968	(434)	8,192
State	750	(864)	1,979
	3,718	(1,298)	10,171
Total	$ 49,800	$ 17,100	$13,129

(In thousands except share and per share amounts)

The components of the deferred tax assets and deferred tax liabilities are presented below:

December 31,	1997	1996
Deferred tax assets:		
Long-term contracts	$ 4,178	$ 5,838
Deferred employee benefits	10,411	8,998
Restructuring, impairment and other costs	1,900	5,255
Inventory	2,326	1,205
Accrued liabilities and other items	7,760	6,922
Total deferred tax assets	26,575	28,218
Deferred tax liabilities:		
Depreciation and amortization	(6,551)	(4,501)
Other items	(4,124)	(4,099)
Total deferred tax liabilities	(10,675)	(8,600)
Net deferred tax asset	$ 15,900	$ 19,618

No valuation allowance has been recorded because the corporation believes that these net deferred tax assets will, more likely than not, be realized. This determination is based largely upon the corporation's historical earnings trend as well as its ability to carryback reversing items within two years to offset taxes paid. In addition, the corporation has the ability to offset deferred tax assets against deferred tax liabilities created for such items as depreciation and amortization.

The provisions for federal income taxes approximate the amounts computed by applying the U.S. federal income tax rate to earnings before income taxes after giving effect to state income taxes. Cash payments for income taxes were $8,623, $15,823 and $3,953 in 1997, 1996 and 1995, respectively.

PENSION PLAN

The corporation has a non-contributory defined benefit pension plan covering all of its full-time employees. Benefits under this plan are based upon an employee's years of service and compensation levels during employment and there is an offset provision for social security benefits. It is the corporation's policy to fund pension costs accrued. Plan assets are invested in a diversified portfolio consisting of equity and fixed income securities (including $12,487 of Class A common stock of Kaman Corporation at December 31, 1997).

(In thousands except share and per share amounts)

The pension plan costs were computed using the projected unit credit actuarial cost method and include the following components:

	1997	1996	1995
Service cost for benefits earned during the year	$ 10,424	$ 9,888	$ 8,991
Interest cost on projected benefit obligation	20,010	18,756	18,065
Actual return on plan assets	(51,694)	(35,855)	(58,243)
Net amortization and deferral	27,508	12,731	36,725
Net pension cost	$ 6,248	$ 5,520	$ 5,538

The funded status of the pension plan is as follows:

December 31,	1997	1996
Actuarial present value of accumulated benefit obligation:		
Vested benefits	$ 234,307	$ 238,097
Non-vested benefits	1,592	2,172
Total	$ 235,899	$ 240,269
Actuarial present value of projected benefit obligation	$ 261,127	$ 273,196
Plan assets at fair value	322,010	307,796
Excess of assets over projected benefit obligation	60,883	34,600
Unrecognized prior service cost	(456)	(511)
Unrecognized net gain	(54,780)	(26,533)
Unrecognized net transition asset	(7,415)	(9,268)
Accrued pension cost	$ 1,768	$ 1,712

(In thousands except share and per share amounts)

The actuarial assumptions used in determining the funded status of the pension plan are as follows:

December 31,	1997	1996
Discount rate	7 1/2%	7 1/2%
Average rate of increase in compensation levels	4 1/2%	4 1/2%

The expected long-term rates of return on plan assets used to compute the net periodic pension costs were 8 5/8% for 1997 and 9% for 1996.

In connection with the agreement for the sale of Kaman Sciences Corporation, effective December 30, 1997, the corporation segregated approximately $29,800 of its plan assets in anticipation of a transfer of such assets to the buyer's pension plan to cover the then estimated accrued benefit obligation for the Kaman Sciences "active employee" group for which the buyer has assumed responsibility. The present value of the accrued benefit obligations is being determined using the December 1997 PBGC interest rates used to value annuities: 5.6% for the 25 years immediately following the valuation date and 5.0% thereafter, among other assumptions including mortality and estimated retirement ages. The estimated asset and obligation amount described in this paragraph are not included in the 1997 figures shown above for the funded status of the pension plan.

COMMITMENTS AND CONTINGENCIES

Rent commitments under various leases for office space, warehouse, land and buildings expire at varying dates from January 1998 to December 2002. Certain annual rentals are subject to renegotiation, with certain leases renewable for varying periods. Lease periods for machinery and equipment vary from 1 to 5 years.

Substantially all real estate taxes, insurance and maintenance expenses are obligations of the corporation. It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other properties.

(In thousands except share and per share amounts)

The following future minimum rental payments are required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1997:

1998	$12,677
1999	6,410
2000	3,606
2001	2,083
2002	1,168
Total	$25,944

Lease expense for all operating leases, including leases with terms of less than one year, amounted to $15,311, $14,889 and $14,158 for 1997, 1996 and 1995, respectively.

From time to time, the corporation is subject to various claims and suits arising out of the ordinary course of business, including commercial, employment and environmental matters. While the ultimate result of all such matters is not presently determinable, based upon its current knowledge, management does not expect that their resolution will have a material adverse effect on the corporation's consolidated financial position.

COMPUTATION OF EARNINGS PER COMMON SHARE

Effective December 31, 1997, the corporation adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128) which has changed the method of computing and presenting earnings per common share. All prior periods presented have been restated in accordance with SFAS 128. This restatement had an immaterial impact on the prior periods' earnings per common share amounts calculated under the previous standard.

Under SFAS 128, primary earnings per common share has been replaced with basic earnings per common share. The basic earnings per common share computation is based on the earnings applicable to common stock divided by the weighted average number of shares of common stock outstanding in 1997, 1996 and 1995. The preferred stock dividend on the Series 2 preferred stock was deducted from net earnings to arrive at earnings applicable to common stock.

Fully diluted earnings per common share has been replaced with diluted earnings per common share. The diluted earnings per common share computation includes the common stock equivalency of options granted to employees under the stock incentive plan. The diluted earnings per common share computation also assumes that at the beginning of the year both the 6% convertible subordinated debentures are converted into Class A common stock with the resultant reduction in interest costs net of tax, and the Series 2 preferred stock is converted into Class A common stock eliminating the preferred stock dividend requirement. Excluded from the diluted earnings per common share calculation are options granted to employees that are anti-dilutive based on the average stock price for the year.

(In thousands except share and per share amounts)

	1997	1996	1995
Earnings per common share - basic			
Earnings applicable to common stock	$66,788	$19,861	$15,886
Weighted average shares outstanding	18,941	18,607	18,330
Earnings per common share - basic	$ 3.53	$ 1.07	$ .87
Earnings per common share - diluted			
Earnings applicable to common stock	$66,788	$19,861	$15,886
Plus: Dividends on Series 2 preferred stock	3,716	3,716	3,716
After-tax interest savings on convertible debentures	1,188	1,145	1,195
Earnings applicable to common stock assuming conversion	$71,692	$24,722	$20,797
Weighted average shares outstanding	18,941	18,607	18,330
Plus shares issuable on:			
Conversion of Series 2 preferred stock	4,523	4,552	4,552
Conversion of 6% convertible debentures	1,359	1,421	1,421
Exercise of dilutive options	285	129	182
Weighted average shares outstanding assuming conversion	25,108	24,709	24,485
Earnings per common share - diluted	$ 2.86	$ 1.00	$ .85

As of December 23, 1997, 95,106 shares of the corporation's Series 2 preferred stock were converted to Class A common stock pursuant to a call for partial redemption issued on November 20, 1997. Pursuant to a redemption call on January 8, 1998 for the balance of the Series 2 preferred stock, the remaining shares will be converted into 3,000,174 shares of Class A common stock as of February 9, 1998. An immaterial amount of Series 2 preferred stock shares were redeemed by the corporation and settled in cash.

STOCK PLANS

Employees Stock Purchase Plan - The Kaman Corporation Employees Stock Purchase Plan allows employees to purchase Class A common stock of the corporation, through payroll deductions, at 85% of the market value of shares at the time of purchase. The plan provides for the grant of rights to employees to purchase a maximum of 1,500,000 shares of Class A common stock of the corporation commencing July 1, 1989. Effective November 18, 1997, the maximum number of shares available for issuance under the plan was replenished to 1,500,000 shares, subject to shareholder approval at the 1998 annual meeting of shareholders. There are no charges or credits to income in connection with the plan. During 1997, 177,523 shares were issued to employees at prices ranging from $10.84 to $16.79 per share. During 1996, 228,148 shares were issued to employees at prices ranging from $8.82 to $11.21 per share. During 1995, 218,028 shares were issued to employees at prices ranging from $9.03 to $10.94 per share. At December 31, 1997, there were approximately 584,879 shares available for offering under the plan.

Stock Incentive Plan - The corporation maintains a Stock Incentive Plan which includes a continuation and extension of a predecessor stock incentive program. The Stock Incentive Plan provides for the grant of non-statutory stock options, incentive stock options, restricted stock awards and stock appreciation rights primarily to officers and other key employees. The corporation has designated 962,199 shares of its Class A common stock for this plan, including 2,199 shares previously reserved under the predecessor plan.

Stock options are generally granted at prices not less than the fair market value at the date of grant. Options granted under the plan generally expire ten years from the date of grant and are exercisable on a cumulative basis with respect to 20% of the optioned shares on each of the five anniversaries from the date of grant. Restricted stock awards are generally granted with restrictions that lapse at the rate of 20% per year and are amortized accordingly. These awards are subject to forfeiture if a recipient separates from service with the corporation. Stock appreciation rights generally expire ten years from the date of grant and are exercisable on a cumulative basis with respect to 20% of the rights on each of the five anniversaries from the date of grant.

(In thousands except share and per share amounts)

Restricted stock awards were made for 62,900 shares at prices ranging from $12.13 to $14.63 per share in 1997, 54,000 shares at $10.38 per share in 1996 and 30,000 shares at $11.38 per share in 1995. At December 31, 1997, there were 118,900 shares remaining subject to restrictions pursuant to these awards. In 1997, stock appreciation rights were issued for 350,000 shares at $13.25 per share, to be settled only for cash. The corporation recorded approximately $500 in expense in 1997 for these stock appreciation rights.

Stock option activity is as follows:

Stock options outstanding:	Options	Weighted-average exercise price
Balance at January 1, 1995	864,589	$ 8.69
Options granted	45,000	11.38
Options exercised	(132,857)	7.93
Options cancelled	(99,685)	9.49
Balance at December 31, 1995	677,047	8.90
Options granted	169,100	10.38
Options exercised	(55,102)	7.86
Options cancelled	(26,065)	9.00
Balance at December 31, 1996	764,980	9.30
Options granted	193,700	13.41
Options exercised	(147,720)	8.28
Options cancelled	(19,880)	9.33
Balance at December 31, 1997	791,080	$ 10.50
Weighted average contractual life remaining at December 31, 1997	7.0 years	
Range of exercise prices for options outstanding at December 31, 1997	$ 7.50- $ 11.25	$ 11.26- $ 16.50
Options outstanding	556,480	234,600
Options exercisable	363,300	15,000
Weighted average contractual remaining life of options outstanding	5.8 years	8.8 years
Weighted average exercise price:		
Options outstanding	$ 9.42	$ 13.05
Options exercisable	$ 9.02	$ 11.38

(In thousands except share and per share amounts)

As of December 31, 1996 and 1995, there were 437,000 and 424,807 options exercisable, respectively.

In order to continue administration of this plan, effective November 18, 1997, the number of shares of Class A common stock reserved for issuance under this plan was increased by 1,250,000 shares, subject to shareholder approval at the 1998 annual meeting of shareholders.

Effective January 1, 1996, the corporation adopted the disclosure requirements of Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation." As permitted by the standard, the corporation has elected to continue following the guidance of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," for measurement and recognition of stock-based transactions with employees. Accordingly, no compensation cost has been recognized for its stock plans other than for the restricted stock awards and stock appreciation rights. Under the disclosure alternative of SFAS 123, the pro forma net earnings and earnings per common share information presented below includes the compensation cost of stock options issued to employees based on the fair value at the grant date and includes compensation cost for the 15% discount offered to participants in the employees stock purchase plan.

	1997	1996	1995
Net earnings:			
As reported	$ 70,504	$ 23,577	$ 19,602
Pro forma	70,075	23,212	19,243
Earnings per common share - basic:			
As reported	3.53	1.07	.87
Pro forma	3.50	1.05	.85
Earnings per common share - diluted:			
As reported	2.86	1.00	.85
Pro forma	2.86	.99	.84

(In thousands except share and per share amounts)

The fair value of each option grant is estimated on the date of grant by using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for grants in 1997, 1996, and 1995:

	1997	1996	1995
Expected dividend yield	3.3%	4.2%	3.9%
Expected volatility	24%	25%	25%
Risk-free interest rate	6.4%	5.8%	7.5%
Expected option lives	8 years	8 years	8 years
Per share fair value of options granted	$ 3.65	$ 2.38	$ 3.19

SEGMENT INFORMATION

The corporation conducts its operations through two business segments - Diversified Technologies and Distribution.

Diversified Technologies operations consist largely of aerospace related business for government and commercial markets, including the retrofit of its SH-2 helicopters from the SH-2F to the SH-2G configuration as well as support services, logistics and spare parts for that helicopter; manufacture of the K-MAX helicopter together with spare parts and technical support; subcontract work consisting of fabrication of airframe substructures; and production of self-lubricating bearings and couplings for commercial aircraft applications. On December 30, 1997, the corporation sold the portion of its operations involving defense information technology and services provided primarily to government customers. The Diversified Technologies segment operating profits for 1996 and 1995 include gains of approximately $4,000 and $1,800, respectively, on the sale of real estate.

The Distribution segment consists of industrial and music distribution operations. The industrial distribution business provides replacement parts, including bearings, power transmission, motion control and materials handling components to nearly every sector of industry in North America, along with industrial engineering support services. Operations are conducted from approximately 195 locations in 38 states and British Columbia, Canada. The music distribution business provides music instruments and accessories in the U.S. and abroad through offices in the U.S. and Canada. Music operations also include some manufacture of guitars. On June 27, 1997, the corporation sold its amplifier manufacturing business located in Great Britain.

(In thousands except share and per share amounts)

Summarized financial information by business segment is as follows:

	1997	1996	1995
Net sales:			
Diversified Technologies	$ 433,493	$350,082	$322,614
Distribution	609,872	598,024	573,784
	$ 1,043,365	$948,106	$896,398
Operating profit:			
Diversified Technologies	$ 44,941	$ 39,826	$ 33,492
Distribution	18,738	22,555	19,355
	63,679	62,381	52,847
Net gain on sale of businesses	(80,351)	--	--
Interest, corporate and other expense, net	23,726	21,704	20,116
Earnings before income taxes	$ 120,304	$ 40,677	$ 32,731
Identifiable assets:			
Diversified Technologies	$ 265,746	$287,501	$267,037
Distribution	212,023	221,485	223,495
Corporate	120,392	12,750	9,537
	$ 598,161	$521,736	$500,069
Capital expenditures:			
Diversified Technologies	$ 7,691	$ 3,718	$ 6,472
Distribution	5,625	3,796	4,440
Corporate	374	452	591
	$ 13,690	$ 7,966	$ 11,503
Depreciation and amortization:			
Diversified Technologies	$ 7,454	$ 7,953	$ 8,208
Distribution	3,947	3,555	3,568
Corporate	822	850	911
	$ 12,223	$ 12,358	$ 12,687

Operating profit is total revenues less cost of sales and selling, general and administrative expense other than general corporate expense.

Identifiable assets are year-end assets at their respective net carrying value segregated as to industry segment and corporate use. Corporate assets are principally cash and cash equivalents and net property, plant and equipment.

Net sales by the Diversified Technologies segment made under contracts with U.S. Government agencies (including sales to foreign governments through foreign military sales contracts with U.S. Government agencies) account for $262,405 in 1997, $253,260 in 1996 and $228,658 in 1995.

For the year ended December 31,1997, unaffiliated export sales amounted to $116,900 (11.2% of consolidated net sales) in the following geographic areas; Australia/New Zealand 36%, Canada 28%, Europe 18%, Japan 9%, and other 9%. Prior to 1997, export sales were less than 10% of consolidated net sales.

[REPORT OF INDEPENDENT AUDITORS]

KPMG PEAT MARWICK LLP
Certified Public Accountants
CityPlace II
Hartford, Connecticut 06103

THE BOARD OF DIRECTORS AND SHAREHOLDERS
KAMAN CORPORATION:

We have audited the accompanying consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three year period ended December 31, 1997. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaman Corporation and subsidiaries at December 31, 1997 and 1996 and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ KPMG PEAT MARWICK LLP

January 29, 1998

[FIVE-YEAR SELECTED FINANCIAL DATA]
(In thousands except per share amounts, shareholders and employees)

	1997	1996	1995	1994	1993
OPERATIONS:					
Revenues	$1,044,815	$953,654	$899,476	$820,774	$794,092
Cost of sales	787,971	708,505	666,761	611,762	588,237
Selling, general and administrative expense	208,763	193,747	190,604	173,853	173,581
Restructuring, impairment and other costs	--	--	--	44,000	69,500
Operating income (loss)	48,081	51,402	42,111	(8,841)	(37,226)
Net gain on sale of businesses	80,351	--	--	--	--
Interest expense	7,894	10,023	8,834	4,694	6,976
Other expense (income)	234	702	546	646	(3,728)
Earnings (loss) before income taxes	120,304	40,677	32,731	(14,181)	(40,474)
Income taxes (benefit)	49,800	17,100	13,129	(1,000)	(11,679)
Net earnings (loss)	70,504	23,577	19,602	(13,181)	(28,795)
FINANCIAL POSITION:					
Current assets	$ 535,304	$434,131	$404,864	$339,012	$316,601
Current liabilities	259,525	195,638	206,273	192,882	166,765
Working capital	275,779	238,493	198,591	146,130	149,836
Property, plant and equipment, net	57,625	76,393	83,054	84,621	81,711
Total assets	598,161	521,736	500,069	442,949	440,196
Long-term debt	29,867	83,940	66,386	37,433	37,977
Shareholders' equity	290,010	228,130	214,283	203,754	228,313
PER SHARE AMOUNTS:					
Net earnings (loss) per common share-basic	$ 3.53	$ 1.07	$ .87	$ (.93)	$ (1.63)
Net earnings (loss)per common share-diluted	2.86	1.00	.85	(.93)	(1.63)
Dividends declared - Series 2 preferred stock	13.00	13.00	13.00	13.00	1.37
Dividends declared - common stock	.440	.440	.440	.440	.440
Shareholders' equity - common stock	12.25	9.13	8.52	8.07	9.46
Market price range	20 3/8	13 3/8	13 3/8	11 1/8	12 1/8
	12	9 3/8	10	8 1/2	8 5/8
GENERAL STATISTICS:					
Shareholders	7,291	7,632	7,646	7,198	6,920
Employees	4,318	5,476	5,400	5,239	5,363

Note: The net earnings (loss) per common share figures have been restated as a result of the adoption of Statement of Financial Accounting Standards No. 128, Earnings per Share.

EXHIBIT 21

KAMAN CORPORATION

SUBSIDIARIES

Following is a list of the Corporation's subsidiaries, each of which is wholly owned by the Corporation either directly or through another subsidiary. Second-tier subsidiaries are listed under the name of the parent subsidiary.

Name	State of Incorporation
Registrant: KAMAN CORPORATION	Connecticut
Subsidiaries:	
Kaman Diversified Technologies Corporation	Connecticut
Kaman Aerospace Corporation	Delaware
Kaman Aerospace International Corporation	Connecticut
K-MAX Corporation	Connecticut
Kaman X Corporation	Connecticut
Kamatics Corporation	Connecticut
Kaman Instrumentation Corporation	Connecticut
Kaman Electromagnetics Corporation	Massachusetts
Kaman Industrial Technologies Corporation	Connecticut
Kaman Industrial Technologies, Ltd.	Canada
Kaman Music Corporation	Connecticut
KMI Europe, Inc.	Delaware
Kaman U.K. Limited	Great Britain
B & J Music Ltd.	Canada

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

KPMG Peat Marwick LLP
Certified Public Accountants
CityPlace II
Hartford, Connecticut 06103

The Board of Directors and Shareholders
Kaman Corporation:

We consent to incorporation by reference in the Registration Statements (Nos. 33-51483 and 33-51485) on Form S-8 of Kaman Corporation of our reports dated January 29, 1998, relating to the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997, and the related schedule, which reports appear or are incorporated by reference in the December 31, 1997 annual report on Form 10-K of Kaman Corporation.

/s/ KPMG Peat Marwick LLP

Hartford, Connecticut
March 13, 1998

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned does hereby appoint and constitute Charles H. Kaman and Robert M. Garneau and each of them as his or her agent and attorney-in-fact to execute in his or her name, place and stead (whether on behalf of the undersigned individually or as an officer or director of Kaman Corporation or otherwise) the Annual Report on Form 10-K of Kaman Corporation respecting its fiscal year ended December 31, 1997 and any and all amendments thereto and to file such Form 10-K and any such amendment thereto with the Securities and Exchange Commission. Each of the said attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 16th day of March, 1998.

Brian E. Barents	Huntington Hardisty
Fred A. Breidenbach	C. William Kaman, II
E. Reeves Callaway, III	Eileen S. Kraus
Frank C. Carlucci	Hartzel Z. Lebed
Laney J. Chouest	Walter H. Monteith, Jr.
John A. DiBiaggio	John S. Murtha
Edythe J. Gaines	Wanda L. Rogers

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S 1997 ANNUAL REPORT TO SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000054381
KAMAN CORPORATION
1,000

YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
109,974
0
194,981
(3,827)
199,485
535,304
153,146
(95,521)
598,161
259,525
29,867
0
37,691
20,604
231,715
598,161
1,043,365
1,044,815
787,971
996,734
(80,117)
0
7,894
120,304
49,800
70,504
0
0
0
70,504
3.53
2.86

Includes $105,100 in an overnight repurchase agreement. This excess cash is the result of the sale of Kaman Sciences Corporation on December 30, 1997.

Includes net gain on sale of businesses of $80,351.