

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): February 27, 2006 (February 21, 2006)

Kaman Corporation

(Exact Name of Registrant as Specified in Its Charter)

Connecticut

(State or Other Jurisdiction of Incorporation)

0-1093

(Commission File Number)

06-0613548

(IRS Employer Identification No.)

1332 Blue Hills Avenue, Bloomfield, Connecticut

(Address of Principal Executive Offices)

06002

(Zip Code)

(860) 243-7100

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

Employment Arrangement with Paul R. Kuhn

At a meeting held on February 21, 2006, the Board of Directors (the “Board”) of Kaman Corporation (the “Company”), upon recommendation of the Personnel and Compensation Committee of the Board, took the actions (a) with respect to employment terms for Mr. Paul R. Kuhn, the Company’s Chairman, President and Chief Executive Officer, and (b) the Kaman Corporation Supplemental Employees’ Retirement Plan (“SERP”), which provides supplemental pension benefits to certain of the Company’s senior management personnel, including its executive officers.

The Company has agreed to a new employment agreement (the “New Employment Agreement”) with Mr. Kuhn who will attain age 65 in October 2006. Mr. Kuhn has been the Company’s President and Chief Executive Officer since August 2, 1999. The New Employment Agreement replaces and supersedes the Company’s Amended and Restated Employment Agreement with Mr. Kuhn, as amended most recently on February 17, 2004 (the “Prior Employment Agreement”), and the Company’s Second Amended and Restated Change in Control Agreement with Mr. Kuhn dated November 11, 2003 (the “Change in Control Agreement”).

The terms of Mr. Kuhn’s employment set forth in the New Employment Agreement are as follows:

(a) The term of Mr. Kuhn’s employment will extend until February 21, 2008 (the “Employment Term”). The Company may appoint a successor President and Chief Executive Officer to Mr. Kuhn during the Employment Term, in which case Mr. Kuhn’s duties and responsibilities shall thereafter consist of assisting the Company and his successor in the senior management transition and serving as the Company’s Chairman. Mr. Kuhn’s compensation and benefits under the New Employment Agreement will not be affected by the appointment of a successor President and Chief Executive Officer.

(b) The New Agreement entitles Mr. Kuhn to an annual base salary of \$900,000 a year, and eligibility to receive an annual bonus for 2006 and 2007 (and eligibility for a pro-rated annual bonus in 2008) to be determined by the Corporation’s Personnel and Compensation Committee, with a target bonus opportunity to be not less than 80% of base salary.

(c) The New Employment Agreement provides for Mr. Kuhn’s participation in the Company’s employee benefit programs generally applicable to the Company’s senior executives. The Company will also continue to provide Mr. Kuhn with up to four weeks vacation, premium payments on a \$1.2 million life insurance policy issued to Mr. Kuhn and a company car as currently provided to him.

(d) Mr. Kuhn shall be entitled to severance benefits from the Company only if (1) his employment is terminated without “cause” (as defined) or he resigns with “good reason” (as defined) during the Employment Term, and (2) he signs a release agreement reasonably acceptable to the Company. “Good reason” has been adjusted to reflect his duties and the compensation structure under the New Employment Agreement. Mr. Kuhn’s reduced role after the Company elects a successor President and Chief Executive Officer and the reduction to his benefit rights under the SERP as described below shall not provide Mr. Kuhn good reason to terminate employment or otherwise result in a constructive employment termination that triggers severance benefits. The termination of Mr. Kuhn’s employment with the Board’s consent after the appointment of a successor as President and Chief Executive Officer shall be treated as employment termination without cause. Expiration of the Employment Term on February 21, 2008 shall not trigger any payment of severance benefits.

(e) Mr. Kuhn's outstanding equity awards shall become fully vested upon (i) Mr. Kuhn's "retirement" (as defined), (ii) the termination of his employment without cause, for "disability" (as defined), or due to death, (iii) his resignation for good reason or (iv) a "change in control" (as defined).

(f) The lump sum severance payment that may have otherwise been payable to Mr. Kuhn as part of his severance protection under the Prior Employment Agreement or Prior Change in Control Agreement (collectively, the "Prior Agreements") is reduced under the New Employment Agreement. The Prior Change in Control Agreement provided a lump sum severance payment equal to three times Mr. Kuhn's then current base salary and the most recent annual bonus paid to him ("Annual Compensation"). The lump sum severance payment under the Prior Employment Agreement equaled two times Mr. Kuhn's Annual Compensation. The New Employment Agreement provides that the multiplier for the lump sum severance payment shall only reflect the period between Mr. Kuhn's employment termination date and February 21, 2008.

(g) Other severance benefits payable to Mr. Kuhn upon a termination of employment without cause or resignation for good reason are: (i) a pro-rata portion of his annual bonus for the performance year in which his termination occurs, (ii) pro-rata payment of each outstanding long-term performance award ("LTIP") based on 100% of the target value, (iii) title to the Company automobile on an "as is" basis, with the automobile's fair market value being taxable to Mr. Kuhn; (iv) continued payment of the premiums on his \$1.2 million life insurance policy during the remainder of his life; (v) continued participation at the Company's expense for 18 months in all medical, dental and vision plans which cover Mr. Kuhn and his eligible dependents, subject to offset due to future employment; (vi) pro-rata vesting of LTIP awards; and (vii) all accrued and vested benefits under the Company's compensation and benefit plans, programs and arrangements (collectively, "Accrued Benefits").

(h) A tax gross-up for excise taxes under Section 4999 of the Internal Revenue Code (and income taxes on the gross-up) that become payable by Mr. Kuhn will be paid only if payments (including vesting of outstanding equity compensation awards) contingent on a change in ownership or control of the Company exceed the maximum amount (as determined under applicable tax rules) that Mr. Kuhn could receive without having any such payments become subject to such tax by at least \$100,000.

(i) If Mr. Kuhn is discharged with cause or if he resigns without good reason, he will receive his unpaid base salary and earned bonus through the date of termination and the Accrued Benefits.

(j) If Mr. Kuhn's employment is terminated due to his death or disability, Mr. Kuhn or his estate, as applicable, will receive Mr. Kuhn's unpaid base salary and earned bonus through the date of termination, the Accrued Benefits and a pro-rata portion of Mr. Kuhn's annual bonus for the performance year in which his death or disability occurred.

(k) If Mr. Kuhn retires, he will receive (i) a pro-rata portion of his annual bonus for the year of retirement, (ii) pro-rata vesting of LTIP awards, (iii) continued payment of the premiums on his \$1.2 million life insurance policy during the remainder of his life, (iv) title to the company automobile on an "as is" basis, with the automobile's fair market value being taxable to Mr. Kuhn, and (v) the Accrued Benefits.

(l) Mr. Kuhn has agreed not to compete with the Company and not to solicit its employees during the 2-year period following termination of employment for any reason.

(m) Following termination of employment for any reason, Mr. Kuhn will assist and cooperate with the Company regarding any matter or project in which he was involved during the Executive's employment. The Company shall compensate Mr. Kuhn for any lost wages or expenses associated with such cooperation and assistance.

(n) Mr. Kuhn acknowledges and agrees that the Prior Agreements are terminated and cancelled, and releases and discharges the Company from any and all obligations and liabilities now existing under or by virtue of the Prior Agreements.

(o) The parties have agreed in good faith to amend the New Employment Agreement as may be required to comply with final regulations issued by the Treasury Department under Section 409A of the Internal Revenue Code without materially impacting the economic cost to the Company or economic value to Mr. Kuhn.

A copy of the New Employment Agreement dated as of February 24, 2006 and signed by Mr. Kuhn is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Sixth Amendment to SERP

At its meeting on February 21, 2006, the Board also approved the Sixth Amendment to the SERP. The material changes to the SERP as reflected under the Sixth Amendment and effective on January 1, 2006 are as follows:

(a) Only salary and annual bonus payable before the date of the Participant's employment termination with respect to periods of active employment shall be eligible compensation under the SERP for all periods after December 31, 2005.

(b) Severance and equity compensation under any plan, program, arrangement or agreement of the Company or its affiliates that becomes taxable after December 31, 2005 shall be disregarded when determining a participant's benefits under the SERP.

(c) The Sixth Amendment clarifies and modifies the terms of the Second Amendment to the SERP dated September 2, 1999, which provides for three years of credited service for each completed year of employment beginning on or after January 1, 2004. Mr. Kuhn shall continue to accrue credited service under the Second Amendment for 2006 and 2007 provided that he remains employed as of the end of such year. Mr. Kuhn shall not earn any credited service based on employment after 2007. Mr. Kuhn shall receive credited service as if he remained employed with the Company through December 31, 2007 if his employment terminates before then in a manner that entitles him to severance benefits under the New Employment Agreement.

(d) The maximum lump sum payment (or its actuarial equivalent if payment is made in a form other than a single lump sum payment) to Mr. Kuhn shall be (1) \$8.912 million if Mr. Kuhn does not remain employed by the Company on December 31, 2006; (2) \$10.5 million if Mr. Kuhn does not remain employed by the Company on December 31, 2007; and (3) \$12 million if Mr. Kuhn remains employed on or after December 31, 2007. The maximum benefit that Mr. Kuhn may receive from the SERP shall be increased to \$12,000,000 if his employment terminates prior to December 31, 2007 in a manner that entitles him to severance benefits under the New Employment Agreement.

An executed copy of the Sixth Amendment is filed as Exhibit 10.2 hereto and incorporated herein by reference.

Stock Ownership Guidelines for Non-employee Directors and Management; Change to Director Compensation Structure

At its meeting on February 21, 2006, the Board of Directors also approved stock ownership guidelines both for non-employee Directors and for corporate management, effective immediately. The Board believes that the Directors and senior management should have a significant equity position in the company and that these guidelines will serve to further the Board's interest in encouraging a longer-term focus in managing the company.

The stock ownership guidelines that were adopted by the Board of Directors for non-employee Directors were recommended to the Board by the Corporate Governance Committee pursuant to a meeting held on February 21, 2006. The guidelines require each non-employee Director to have an ownership multiple of 3 times the annual cash retainer, which for the period 2006 and 2007 is \$45,000. In addition, it was determined that the restricted stock awards of 2,000 shares of Common Stock that will be granted to the non-employee Directors as part of the director compensation package approved to take effect January 1, 2006 (and reported by Form 8-K dated November 10, 2005, [ref. no.0000054381-05-000088](#)) will have restrictions immediately lapse and Directors who do not meet the ownership guidelines must hold shares received pursuant to such grants (with such shares being netted for the income tax effect thereof) for a period of 3 years or until the guidelines are met, whichever is earlier. In determining whether the guidelines have been achieved at any particular point, the price of the Common Stock will be the higher of (i) the then current market value determined by the closing price of the Common Stock on the date of the determination; or (ii) the closing price on February 21, 2006, which was \$21.13.

The stock ownership guidelines that were adopted by the Board of Directors for management were recommended to the Board by the Personnel and Compensation Committee pursuant to a meeting held on February 21, 2006. The guidelines require the following Common Stock ownership multiples: CEO, 3 times base salary; participants in the long-term incentive award program under the company's 2003 Stock Incentive Plan or its predecessor plan (currently 8 individuals), 2 times their base salary; and all other elected officers of the company, 1 times their base salary. A total of sixteen individuals are currently subject to the guidelines. These individuals are required to take and retain one-third of any earned long-term incentive award in the form of stock and to retain any shares realized from the exercise of stock options or the vesting of restricted stock under the 2003 Stock Incentive Plan or its predecessor plan until such time as the required ownership guidelines are met. Stock options, including vested options, as well as restricted stock which remains subject to restrictions, are not included in determining whether an individual has achieved the ownership levels required by the guidelines. In determining whether the guidelines have been achieved at any particular point, the price of the Common Stock will be the higher of (i) the then current market value determined by the closing price of the Common Stock on the date of the determination; or (ii) the closing price on February 21, 2006, which was \$21.13.

Tax Accounting and Tax/Estate Planning Services

In addition, at the February 21, 2006 Board of Directors' meeting, the Board approved a recommendation of the Personnel and Compensation Committee (which was adopted at its meeting on the same date) to authorize the company's reimbursement of the following officers for tax accounting and tax/estate planning services: Paul R. Kuhn, the company's Chairman, CEO and President; Robert M. Garneau, the company's Executive Vice President and Chief Financial Officer; Candace A. Clark, the company's Senior Vice President and Chief Legal Officer; Ronald M. Galla, the company's Senior Vice President and Chief Information Officer; Russell H. Jones, the company's Senior Vice President and Chief Investment Officer; T. Jack Cahill, President of the company's Industrial Distribution segment; and Robert H. Saunders, Jr., President of the company's Music segment. Services eligible for reimbursement include tax return preparation, development of tax strategies and tax related aspects of estate and investment planning, preparation of wills or trust, and development of personal financial objectives and investment strategies. The total amount that can be reimbursed to the entire group for the calendar year is Seventy Thousand Dollars (\$70,000) and generally not more than \$10,000 may be provided to any particular individual in a calendar year.

Recapitalization Bonus Award for Candace A. Clark

On February 21, 2006, the Board of Directors awarded a special bonus equal to \$50,000 to Candace A. Clark in recognition of her extraordinary services over a three-year period in connection with the successful recapitalization of the company.

Item 2.02 Results of Operations and Financial Condition

On February 27, 2006, the company issued a press release describing the company's financial results for the quarter and twelve month period ended December 31, 2005. A copy of this press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 9.01. Financial Statement and Exhibits.

The following exhibits are furnished as part of this Form 8-K

<u>No.</u>	<u>Description</u>
10.1	Executive Employment Agreement with Mr. Kuhn dated as of February 24, 2006.
10.2	Sixth Amendment to Kaman Corporation Supplemental Employees' Retirement Plan.
99.1	Press Release of the Company regarding financial performance for the quarter and twelve month period ended December 31, 2005, dated February 27, 2006.

SIGNATURES

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

Date: February 27, 2006

By: /s/ Robert M. Garneau

Robert M. Garneau
Executive Vice President and
Chief Financial Officer

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is dated as of February 24, 2006, between Kaman Corporation, a Connecticut corporation (the "Company"), and Paul R. Kuhn (the "Executive").

W I T N E S S E T H:

WHEREAS, the Executive is currently employed as the President and Chief Executive Officer of the Company and serves as Chairman of the Board of Directors of the Company;

WHEREAS, the Company has offered to continue employing the Executive on the terms set forth below; and

WHEREAS, the Executive has agreed to continued employment with the Company on the terms as set forth below;

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. EMPLOYMENT TERM. The Executive's term of employment under this Agreement shall be for a term commencing on February 21, 2006 (the "Effective Date") and, unless terminated earlier as provided in Section 7 hereof, ending on the second anniversary of the Effective Date (such term of employment is herein referred to as the "Employment Term").

2. POSITION & DUTIES.

(a) Except as provided in Section 2(b) below, the Executive shall serve as the Company's President and Chief Executive Officer during the Employment Term. As President and Chief Executive Officer, the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other duties and responsibilities as the Company's Board of Directors (the "Board") shall designate that are consistent with the Executive's position as President and Chief Executive Officer.

(b) The Executive shall relinquish his respective titles as President, Chief Executive Officer or both effective as of a date or dates (if applicable) designated by the Board in connection with the appointment of a successor (or successors, if applicable) (the date on which a new President or Chief Executive Officer is appointed being the "Succession Date"). During the period commencing on the Succession Date and ending on the last day of the Employment Term (the "Transition Period"), the Executive shall serve the Company as an executive employee with the title of Chairman, and shall have the title of President or Chief Executive Officer, as applicable, to the extent that such other title is not then given to the individual appointed by the Board as of the Succession Date to succeed the Executive in either of such positions and the Executive shall retain such title until the Board takes action to give such title to the individual appointed on the Succession Date or to any other individual the Board shall determine (it being understood that the subsequent appointment of an individual to serve as President or Chief Executive Officer following the Succession Date shall not constitute "Good Reason" hereunder). The Executive's duties and responsibilities during the Transition Period shall consist of reasonably assisting the Company and its new President and Chief Executive Officer (the "New CEO") as directed by the Board and the New CEO in the senior management transition. The Executive's compensation and benefits during the Transition Period shall be the same as in effect during the Employment Term immediately prior to the Succession Date.

(c) During the Employment Term, the Executive shall use his best reasonable efforts to perform faithfully and efficiently the duties and responsibilities assigned to the Executive hereunder and devote substantially all of the Executive's business time (excluding periods of vacation and other approved leaves of absence) to the performance of the Executive's duties with the Company, provided the foregoing shall not prevent the Executive from (i) participating in charitable, civic, educational, professional, community or industry affairs or, with prior written approval of the Board, serving on the board of directors or advisory boards of other companies; and (ii) managing the Executive's and the Executive's family's personal investments so long as such activities do not materially interfere with the performance of the Executive's duties hereunder or create a potential business conflict or the appearance thereof. If at any time service on any board of directors or advisory board would, in the good faith judgment of the Board, conflict with the Executive's fiduciary duty to the Company or create any appearance thereof, the Executive shall promptly resign from such other board of directors or advisory board after written notice of the conflict is received from the Board.

(d) The Executive further agrees to serve without additional compensation as an officer and director of any of the Company's subsidiaries and agrees that any amounts received from any such corporation may be offset against the amounts due hereunder. In addition, it is agreed that the Company may assign the Executive to one of its subsidiaries for payroll purposes, but such assignment shall not relieve the Company of its obligations hereunder.

3. BASE SALARY. The Company agrees to pay the Executive a base salary (the "Base Salary") during the Employment Period at an annual rate of \$900,000 (subject to possible increase if the Board, in its sole discretion, so determines), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly.

4. BONUSES. The Executive shall be eligible to participate in the Company's bonus and other incentive compensation plans and programs for the Company's senior executives at a level commensurate with his position for the 2006 and 2007 calendar year. The Executive shall have the opportunity to earn an annual target bonus measured against performance criteria to be determined by the Board (or a committee thereof) of at least 80% of Base Salary in accordance with the terms of the Company's bonus plan as then in effect.

5. EQUITY AWARDS. The Executive shall be eligible to receive additional grants of stock options, stock appreciation rights, restricted stock and other equity awards at the sole discretion of the Board or the Personnel and Compensation Committee (the "Committee"). The Executive shall be subject to, and shall comply with, the stock ownership guidelines of the Company as may be in effect from time to time. If there is a Change in Control (as defined in the Kaman Corporation 2003 Stock Incentive Plan in effect on the date hereof) or the Executive's employment by the Company is terminated by the Company for Disability (as defined in Section 7(a)) or without Cause (as defined in Section 7(c), or by the Executive for Good Reason (as defined in Section 7(e)), Retirement (as defined in Section 7(g) or due to death, all then outstanding unvested equity awards granted to the Executive, whether under this Agreement or otherwise, shall be fully vested.

6. EMPLOYEE BENEFITS.

(a) BENEFIT PLANS. The Executive shall be entitled to participate in all employee benefit plans of the Company including, but not limited to, pension, thrift, profit sharing, medical coverage, education, other retirement or welfare benefits and perquisites (as approved by the Committee) that the Company has adopted or may adopt, maintain or contribute to for the benefit of its senior executives at a level commensurate with the Executive's positions subject to satisfying the applicable eligibility requirements. The Executive agrees and acknowledges that he shall only be entitled to defined pension benefits under the Kaman Corporation Supplemental Employees' Retirement Plan, as amended by the Sixth Amendment (as so amended, the "SERP"), and the Kaman Corporation Employees' Pension Plan. No amendment or termination of the SERP subsequent to the date of this Agreement shall adversely affect the Executive's rights thereunder without his prior written consent.

(b) VACATION. The Executive shall be entitled to up to 4 weeks paid vacation per year. Vacation may be taken at such times as the Executive elects with due regard to the needs of the Company. Unused vacation at the end of a calendar year shall be forfeited.

(c) AUTOMOBILE. The Company shall continue to provide the Executive with a leased automobile as approved by the Committee.

(d) BUSINESS AND ENTERTAINMENT EXPENSES. Upon presentation of appropriate documentation, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of the Executive's duties hereunder.

(e) CERTAIN AMENDMENTS. Nothing herein shall be construed to prevent the Company from amending, altering, eliminating or reducing any plans, benefits or programs so long as the Executive continues to receive compensation and benefits consistent with Sections 3 through 6.

7. TERMINATION. The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) DISABILITY. Upon written notice by the Company to the Executive of termination due to Disability, while the Executive remains Disabled. For purposes of this Agreement, "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive incapacity due to physical or mental illness, the Executive shall have been absent from fully performing his duties with the Company for a period of 6 consecutive months, the Company shall have provided a notice of termination under this Section 7(a), and, within thirty days after such notice being given, the Executive shall not have returned to the fully performing his duties hereunder.

(b) DEATH. Automatically on the date of death of the Executive.

(c) CAUSE. Immediately upon written notice by the Company to the Executive of a termination for Cause. "Cause" shall mean (i) Executive's conviction of (or a plea of guilty or nolo contendere to) a felony or any crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety; or (ii) a determination by a majority of the Board in good faith that Executive has (A) willfully and continuously failed to perform substantially the Executive's duties (other than any such failure resulting from the Executive's Disability or incapacity due to bodily injury or physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board that specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, (B) engaged in illegal conduct, an act of dishonesty or gross misconduct in the course of his employment materially injurious to the Company, or (C) willfully violated a material requirement of the Company's code of conduct or his fiduciary duty to the Company. No act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive's action or omission was in, or not opposed to, the best interests of the Company. Notwithstanding the forgoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.

(d) WITHOUT CAUSE. Upon written notice by the Company to the Executive of an involuntary termination without Cause and other than due to death or Disability. In addition, the termination of the Executive's employment after the Succession Date with the Board's consent shall be treated as employment termination without Cause. Notwithstanding anything to the contrary contained in this Agreement, or any other plan of the Company or its affiliates in which the Executive participates or agreement between the Executive and the Company or any of its affiliates, the Executive's cessation of service as the President and Chief Executive Officer and the appointment the New CEO shall not (i) serve as the basis for a claim of breach or constructive termination without Cause under this Agreement or otherwise, or (ii) be grounds for the Executive to terminate employment for "Good Reason" (as defined under Section 7(e) below).

(e) GOOD REASON. Upon written notice by the Executive to the Company of a termination for Good Reason, unless such events are corrected in all material respects by the Company within 30 days following written notification by the Executive to the Company, that the Executive intends to terminate the Executive's employment hereunder for one of the reasons set forth below. "Good Reason" shall mean, without the Executive's express written consent, the occurrence of any of the following events:

(1) the Company removing the Executive from the position of Chairman without his prior written consent (other than for Cause) prior to February 21, 2008;

(2) except as contemplated under Section 2(b) (regarding appointment of a successor), the Company removing the Executive from the position of President, Chief Executive Officer or both without his prior written consent (other than for Cause);

(3) a reduction of Base Salary or other compensation to which the Executive is entitled to under any Company plan , policy, program or arrangement (subject to Section 6(e) hereof) or failure to pay compensation or benefits provided or referred to under this Agreement after a reasonable opportunity to cure;

(4) the Executive being required to relocate to a principal place of employment more than 50 miles from the Executive's principal place of employment with the Company as of the Effective Date;

(5) the assignment of duties to the Executive that are materially inconsistent with the Executive's position as Chairman, President and Chief Executive Officer prior to the Transition Period;

(6) the assignment of duties to the Executive during the Transition Period that are materially inconsistent with the Executive's duties as set forth in Section 2(b) above; or

(7) the failure of the Company to obtain an agreement from any successor to all or substantially all of the assets or business of the Company to assume and agree to perform this Agreement within fifteen (15) days after a merger, consolidation, sale or similar transaction.

Notwithstanding the foregoing, (i) a suspension of the Executive's title and authority while on administrative leave due to a reasonable belief that the Executive has engaged in misconduct, whether or not the suspected misconduct constitutes Cause for employment termination, shall not be considered "Good Reason", (ii) an event shall not be considered Good Reason if the Executive fails to deliver notice of termination for Good Reason within 90 days of his actual knowledge of the event, and (iii) changes to compensation and benefit plans not specifically targeted to the Executive shall not be considered Good Reason.

(f) WITHOUT GOOD REASON. Upon 60 days' prior written notice by the Executive to the Company of the Executive's termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

(g) RETIREMENT. Upon remaining employed with the Company until February 21, 2008 (the "Retirement Date").

8. CONSEQUENCES OF TERMINATION. Any termination payments made and benefits provided under this Agreement to the Executive shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or its affiliates as may be in effect from time to time. Except to the extent otherwise provided in this Agreement, all benefits, including, without limitation, stock options, stock appreciation rights, restricted stock units and other awards under the Company's long-term incentive programs, shall be subject to the terms and conditions of the plan or arrangement under which such benefits accrue, are granted or are awarded. Subject to Section 9, the following amounts and benefits shall be due to the Executive.

(a) **DISABILITY.** Upon employment termination due to Disability, the Company shall pay or provide the Executive (i) any unpaid Base Salary through the date of termination and any accrued vacation in accordance with Company policy; (ii) any unpaid bonus earned with respect to any fiscal year ending on or preceding the date of termination; (iii) reimbursement for any unreimbursed expenses incurred through the date of termination; (iv) all other payments and benefits to which the Executive may be entitled under the terms of any applicable compensation arrangement or benefit, equity or perquisite plan or program or grant or this Agreement, including but not limited to any applicable insurance benefits (collectively, “Accrued Amounts”). Executive will also be paid a pro-rata portion of the Executive’s annual bonus for the performance year in which the Executive’s termination occurs, payable at the time that annual bonuses are paid to other senior executives (determined by multiplying the amount the Executive would have received based upon target performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365). Upon such termination, all stock options, stock appreciation rights and restricted stock awards will fully vest and become non-forfeitable and, to the extent applicable, remain exercisable in accordance with the terms of the applicable Company plans.

(b) **DEATH.** In the event the Employment Term ends on account of the Executive’s death, the Executive’s estate (or to the extent a beneficiary has been designated in accordance with a program, the beneficiary under such program) shall be entitled to any Accrued Amounts, including but not limited to proceeds from any Company sponsored life insurance programs. Executive’s estate (or beneficiary) will also be paid a pro-rata portion of the Executive’s annual bonus for the performance year in which the Executive’s death occurs, payable at the time that annual bonuses are paid to other senior executives (determined by multiplying the amount the Executive would have received based upon target performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365). Upon the Executive’s death, all stock options, stock appreciation rights and restricted stock awards will fully vest and become non-forfeitable and, to the extent applicable, remain exercisable in accordance with the terms of the applicable Company plans.

(c) **TERMINATION FOR CAUSE OR WITHOUT GOOD REASON.** If the Executive’s employment should be terminated (i) by the Company for Cause, or (ii) by the Executive without Good Reason, the Company shall pay to the Executive any Accrued Amounts.

(d) **TERMINATION WITHOUT CAUSE OR FOR GOOD REASON.** If the Executive’s employment by the Company is terminated by the Company other than for Cause (other than a termination due to Disability or death) or by the Executive for Good Reason, then the Company shall pay or provide the Executive with:

- (1) Accrued Amounts;

(2) a pro-rata portion of the Executive's annual bonus for the performance year in which the Executive's termination occurs, payable at the time that annual bonuses are paid to other senior executives (determined by multiplying the amount the Executive would have received based upon actual performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365);

(3) an amount equal to the product of (A) the sum of (i) the then Base Salary and (ii) the most recent annual bonus paid to the Executive (or awarded by the Board or the Committee for the preceding calendar year if not then paid) multiplied by (B) a fraction, the numerator of which is the number of days from Mr. Kuhn's employment termination date until February 21, 2008, and the denominator of which is 730, payable in a single lump sum commencing on the earliest payroll date that does not result in adverse tax consequences to Executive under Section 409A of the Code;

(4) each long-term performance award shall be deemed fully vested and fully earned and then shall be cancelled in exchange for a cash payment equal to 100% of the target value of such award multiplied by a fraction, the numerator which is the number of days the Executive remained employed with the Company during the award's performance period and the denominator of which is the total number of days during the award's performance period;

(5) title to the Company automobile to the Executive on an "as is" basis, with the automobile's fair market value being taxable to the Executive;

(6) the Company shall continue to pay all premiums on the \$1.2 million life insurance policy issued by Mass Mutual to the Executive for the remainder of his life; and

(7) subject to the Executive's continued co-payment of premiums, continued participation for 18 months in all medical, dental and vision plans which cover the Executive (and eligible dependents) upon the same terms and conditions (except for the requirements of the Executive's continued employment) in effect for active employees of the Company. In the event the Executive obtains other employment that offers substantially similar or improved benefits, as to any particular medical, dental or vision plan, such continuation of coverage by the Company for such similar or improved benefit under such plan under this subsection shall immediately cease. The continuation of health benefits under this subsection shall reduce and count against the Executive's rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Upon such termination, all stock options, stock appreciation rights and restricted stock awards will fully vest and become non-forfeitable.

(e) RETIREMENT. If the Executive terminates employment on his Retirement Date, the Company shall pay to the Executive:

(1) any Accrued Amounts;

(2) a pro-rata portion of the Executive's annual bonus for the performance year in which the Executive's retirement occurs, payable at the time that annual bonuses are paid to other senior executives (determined by multiplying the amount the Executive would have received based upon actual performance had employment continued through the end of the performance year (but in no event higher than the target award) by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365);

(3) each long-term performance award shall be deemed fully vested and fully earned and then shall be cancelled in exchange for a cash payment equal to 100% of the target value of such award multiplied by a fraction, the numerator which is the number of days the Executive remained employed with the Company during the award's performance period and the denominator of which is the total number of days during the award's performance period;

(4) the Company shall continue to pay all premiums on the \$1.2 million life insurance policy issued by Mass Mutual to the Executive for the remainder of his life;

(5) title to the Company automobile to the Executive on an "as is" basis, with the automobile's fair market value being taxable to the Executive; and

(6) the Executive shall be considered to have "retired" on his Retirement Date for purposes of any plans, programs, agreements or arrangements with the Company or its affiliates.

9. CONDITIONS. Any payments or benefits made or provided pursuant to Section 8 (other than Accrued Amounts) are subject to the Executive's (or, in the event of the Executive's death, the beneficiary's or estate's):

(a) compliance with the provisions of Section 11 hereof;

(b) delivery to the Company of an executed Agreement and General Release (the "General Release"), which shall be substantially in the form attached hereto as Appendix A (with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose) within 21 days of presentation thereof by the Company to the Executive; and

(c) delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

Notwithstanding the due date of any post-employment payments, any amounts due following a termination under this Agreement (other than Accrued Amounts) shall not be due until after the expiration of any revocation period applicable to the General Release without the Executive having revoked such General Release, and any such amounts shall be paid to the Executive within thirty (30) days of the expiration of such revocation period without the occurrence of a revocation by the Executive (or such later date as may be required under Section 409A of the Code). Nevertheless (and regardless of whether the General Release has been executed by the Executive), upon any termination of Executive's employment, Executive shall be entitled to receive any Accrued Amounts, payable within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy. In the event that the Executive dies before all payments pursuant to this Section 9 have been paid, all remaining payments shall be made to the beneficiary specifically designated by the Executive in writing prior to his death, or, if no such beneficiary was designated (or the Company is unable in good faith to determine the beneficiary designated), to his personal representative or estate.

(a) If any payments, rights or benefits (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement of Executive with the Company or any person affiliated with the Company) (the “Payments”) received or to be received by Executive will be subject to the tax (the “Excise Tax”) imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), then, except as set forth in Section 10(b) below, the Company shall pay to Executive an amount in addition to the Payments (the “Gross-Up Payment”) as calculated below. The Gross Up Payment shall be in an amount such that, after deduction of any Excise Tax on the Payments and any federal, state and local income and employment tax and Excise Tax on the Gross Up Payment, but before deduction for any federal, state or local income and employment tax on the Payments, the net amount retained by the Executive shall be equal to the Payments.

(b) Notwithstanding anything in this Agreement to the contrary, if the amount of Payments that will be subject to the Excise Tax does not exceed the amount of Payments that Executive could receive without having any Payments become subject to the Excise Tax by at least \$100,000, then Executive’s taxable cash-based benefits under this Agreement will first be reduced in the order selected by Executive, and then, if necessary, Executive’s equity-based compensation (based on the value of such equity-based compensation as a “parachute payment” as defined in Treasury Regulations promulgated under Section 280G of the Code and IRS revenue rulings, revenue procedures and other official guidance) shall be reduced in the order selected by Executive, and then any other Payments shall be reduced as reasonably determined by the Company, to the extent necessary to avoid imposition of the Excise Tax. If Executive does not select the amount to be reduced within the time prescribed by the Company, the reductions specified herein shall be made by the Company in its sole discretion from such compensation as it shall determine. Any amount so reduced shall be irrevocably forfeited and Executive shall have no further rights to receive it.

(c) The process for calculating the Excise Tax, determining the amount of any Gross-Up Payment and other procedures relating to this Section 10 are set forth in Appendix B attached hereto. For purposes of making the determinations and calculations required herein, the Accounting Firm (as defined in Appendix B) may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Accounting Firm shall make such determinations and calculations on the basis of “substantial authority” (within the meaning of Section 6662 of the Code) and shall provide opinions to that effect to both the Company and Executive.

(a) **CONFIDENTIALITY.** The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's employment and for the benefit of the Company, either during the period of the Executive's employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, the Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.

(b) **NON-SOLICITATION.** During the Executive's employment with the Company and for the 2 year period thereafter, whether at the end of the Employment Term or thereafter, the Executive agrees that the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce (i) any managerial level employee of the Company or any of its subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated) or (ii) any customer of the Company or any of its subsidiaries or affiliates to purchase goods or services then sold by the Company or any of its subsidiaries or affiliates from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer (provided, that the foregoing shall not apply to any product or service which is not covered by the non-competition provision set forth in Section 11(c), below).

(c) **NON-COMPETITION.** The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business (other than respecting a product or service of the Company involving less than one percent (1%) of the Company's revenues in the prior fiscal year ("De Minimis")) will result in irreparable harm to the Company. Accordingly, during the Executive's employment hereunder and for the 2 year period thereafter, (whether at the end of the Employment Term or thereafter), the Executive shall not, without the Board's prior written consent, directly or indirectly engage in the development, production, marketing, or sale of products that compete (or, upon commercialization, could compete) with products of the Company or its affiliates being developed, marketed or sold as of the date of such termination (such business or activity, a "Competing Business") whether such engagement shall be as an officer, director, owner, employee, partner, consultant, advisor or any other capacity. This Section 11(c) shall not prevent the Executive from owning not more than one percent (1%) of the total shares of all classes of stock outstanding of any publicly held entity engaged in such business, nor will it restrict the Executive from rendering services to charitable organizations, as such term is defined in Section 501(c) of the Code.

(d) NON-DISPARAGEMENT. Each of the Executive and the Company (for purposes hereof, “the Company” shall mean only (i) the Company by press release or other formally released announcement and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates, employees, officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) shall not be subject to this Section 11(d).

(e) RETURN OF COMPANY PROPERTY AND RECORDS. The Executive agrees that upon termination of the Executive’s employment, for any cause whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive’s employment with the Company.

(f) COOPERATION. The Executive agrees that, following termination of the Executive’s employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Company with regard to any matter or project in which the Executive was involved during the Executive’s employment, including any litigation. The Company shall compensate the Executive for any lost wages or expenses associated with such cooperation and assistance.

(g) ASSIGNMENT OF INVENTIONS. The Executive will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called “Inventions”), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or may arise out of the Executive’s employment, or relate to any matters pertaining to, or useful in connection therewith, the business or affairs of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive’s right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. Any such Inventions disclosed to anyone by the Executive within one (1) year after the termination of employment for any cause whatsoever shall be deemed to have been made or conceived by the Executive during the Term. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

(h) EQUITABLE RELIEF AND OTHER REMEDIES. The parties acknowledge and agree that the other party's remedies at law for a breach or threatened breach of any of the provisions of this Section would be inadequate and, in recognition of this fact, the parties agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the other party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.

(i) REFORMATION. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 11 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(j) SURVIVAL OF PROVISIONS. The obligations contained in this Section 11 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

12. NO ASSIGNMENT.

(a) This Agreement is personal to each of the parties hereto. Except as provided in Section 12(b) below, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto.

(b) The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company provided the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place and shall deliver a copy of such assignment to the Executive.

13. NOTICE. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile, (c) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the address (or to the facsimile number) shown on the records of the Company

If to the Company:

Kaman Corporation
1332 Blue Hills Avenue, P.O. Box 1
Bloomfield, CT 06002
Attention: Candace A. Clark, Esq.

Facsimile No.: 860 243-7397

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

14. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. If there is any inconsistency between this Agreement and any other agreement (including but not limited to any option, stock, long-term incentive or other equity award agreement), plan, program, policy or practice (collectively, "Other Provision") of the Company the terms of this Agreement shall control over such Other Provision.

15. PRIOR AGREEMENTS. This Agreement supersedes and replaces any and all prior employment agreements and change in control agreements (collectively, the "Prior Agreements") between the Company and the Executive. By signing this Agreement, the Executive acknowledges that the Prior Agreements are terminated and cancelled, and releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of such Prior Agreements, it being the intention of the parties hereto that this Agreement effective immediately shall supersede and be in lieu of the Prior Agreements.

16. SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity of unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

17. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

18. ARBITRATION. Any dispute or controversy arising under or in connection with this Agreement, other than injunctive relief under Section 11(h) hereof or damages for breach of Section 11, shall be settled exclusively by arbitration, conducted before a single arbitrator in Hartford, Connecticut administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules then in effect. The single arbitrator shall be selected by the mutual agreement of the Company and the Executive, unless the parties are unable to agree to an arbitrator, in which case, the arbitrator will be selected under the procedures of the AAA. The arbitrator will have the authority to permit discovery and to follow the procedures that he/she determines to be appropriate. The arbitrator will have no power to award consequential (including lost profits), punitive or exemplary damages. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

19. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Connecticut without regard to its conflicts of law principles.

20. PAYMENT OF COMPENSATION. The parties shall revisit this Agreement when the IRS issues final regulations under Section 409A of the Code for the sole purpose of determining whether any amendments are required in order to comply with such regulations. The parties shall promptly agree in good faith on appropriate provisions to avoid any material risk of noncompliance without materially changing the economic value (to the Executive) or the cost (to the Company) of this Agreement. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Executive for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code.

21. MITIGATION OF DAMAGES In no event shall the Executive be obliged to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by the Executive as a result of employment by another employer, except as set forth in this Agreement.

22. REPRESENTATIONS. The Executive represents and warrants to the Company that the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms and that the Executive is not a party to any agreement or understanding, written or oral, which could prevent the Executive from entering into this Agreement or performing all of the Executive's obligations hereunder.

23. WITHHOLDING. The Company may withhold from any and all amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

24. SURVIVAL. The respective obligations of, and benefits afforded to, the Company and Executive which by their express terms or clear intent survive termination of Executive's employment with the Company, including, without limitation, the provisions of Sections 4(a), 5(a), and 8 through 25, inclusive of this Agreement, will survive termination of Executive's employment with the Company, and will remain in full force and effect according to their terms.

26. AGREEMENT OF THE PARTIES. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party hereto. Neither Executive nor the Company shall be entitled to any presumption in connection with any determination made hereunder in connection with any arbitration, judicial or administrative proceeding relating to or arising under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

KAMAN CORPORATION

/s/ Brian E. Barents

By: Brian E. Barents

Its: Chairman, Personnel and Compensation Committee

PAUL R. KUHN

/s/ Paul R. Kuhn

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

Kaman Corporation, its affiliates, subsidiaries, divisions, successors and assigns in such capacity, and the current, future and former employees, officers, directors, trustees and agents thereof (collectively referred to throughout this Agreement as "Employer"), and Paul R. Kuhn ("Executive"), the Executive's heirs, executors, administrators, successors and assigns (collectively referred to throughout this Agreement as "Employee") agree:

1. Last Day of Employment. Executive's last day of employment with Employer is _____. In addition, effective as of DATE, Executive resigns from the Executive's position as President and Chief Executive Officer of Employer and will not be eligible for any benefits or compensation after _____, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive dated as of February __, 2006 (the "Employment Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.

2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 9 of the Employment Agreement.

3. Revocation. Executive may revoke this Agreement and General Release for a period of fifteen (15) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's _____, or his/her designee, or mailed to Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention Candace Clark, and postmarked within fifteen (15) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.

4. General Release of Claim. Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer, Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

- Title VII of the Civil Rights Act of 1964, as amended;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974, as amended;
- The Immigration Reform and Control Act, as amended;
- The Americans with Disabilities Act of 1990, as amended;
- The Age Discrimination in Employment Act of 1967, as amended;
- The Older Workers Benefit Protection Act of 1990;
- The Worker Adjustment and Retraining Notification Act, as amended;
- The Occupational Safety and Health Act, as amended;
- The Family and Medical Leave Act of 1993;
- Any wage payment and collection, equal pay and other similar laws, acts and statutes of the State of Connecticut;
- Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance;
- Any public policy, contract, tort, or common law; or
- Any allegation for costs, fees, or other expenses including attorneys fees incurred in these matters.

Notwithstanding anything herein to the contrary, the sole matters to which the Agreement and General Release do not apply are: (i) Employee's express rights under any pension (including but not limited to any rights under the Kaman Corporation Supplemental Retirement Plan) or claims for accrued vested benefits under any other employee benefit plan, policy or arrangement maintained by Employer or under COBRA and other Accrued Benefits (as such term is defined in the Employment Agreement); (ii) Employee's rights under the provisions of the Employment Agreement which are intended to survive termination of employment; or (iii) Employee's rights as a stockholder.

5. No Claims Permitted. Employee waives Executive's right to file any charge or complaint against Employer arising out of Executive's employment with or separation from Employer before any federal, state or local court or any state or local administrative agency, except where such waivers are prohibited by law.

6. Affirmations. Employee affirms Executive has not filed, has not caused to be filed, and is not presently a party to, any claim, complaint, or action against Employer in any forum. Employee further affirms that the Executive has been paid and/or has received all compensation, wages, bonuses, commissions, and/or benefits to which Executive may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to Executive, except as provided in Sections 6 and 8 of the Employment Agreement. Employee also affirms Executive has no known workplace injuries.

7. Cooperation; Return of Property. Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge. Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred in providing such service to Employer. Employee represents that Executive has returned to Employer all property belonging to Employer, including but not limited to any leased vehicle, laptop, cell phone, keys, access cards, phone cards and credit cards, provided that Executive may retain, and Employer shall cooperate in transferring, Executive's cell phone number and any home communication and security equipment as well as Executive's rolodex and other address books.

8. Governing Law and Interpretation. This Agreement and General Release shall be governed and conformed in accordance with the laws of the State of Connecticut without regard to its conflict of laws provisions. In the event Employee or Employer breaches any provision of this Agreement and General Release, Employee and Employer affirm either may institute an action to specifically enforce any term or terms of this Agreement and General Release. Should any provision of this Agreement and General Release be declared illegal or unenforceable by any court of competent jurisdiction and should the provision be incapable of being modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement and General Release in full force and effect. Nothing herein, however, shall operate to void or nullify any general release language contained in the Agreement and General Release.

9. No Admission of Wrongdoing. Employee agrees neither this Agreement and General Release nor the furnishing of the consideration for this Release shall be deemed or construed at any time for any purpose as an admission by Employer of any liability or unlawful conduct of any kind.

10. Amendment. This Agreement and General Release may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Agreement and General Release.

11. Entire Agreement. This Agreement and General Release sets forth the entire agreement between the parties hereto and fully supersedes any prior agreements or understandings between the parties; provided, however, that notwithstanding anything in this Agreement and General Release, the provisions in the Employment Agreement which are intended to survive termination of the Employment Agreement, including but not limited to those contained in Section 11 thereof, shall survive and continue in full force and effect. Employee acknowledges Executive has not relied on any representations, promises, or agreements of any kind made to Executive in connection with Executive's decision to accept this Agreement and General Release.

EMPLOYEE HAS BEEN ADVISED THAT EXECUTIVE HAS UP TO TWENTY-ONE (21) CALENDAR DAYS TO REVIEW THIS AGREEMENT AND GENERAL RELEASE AND HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTION OF THIS AGREEMENT AND GENERAL RELEASE.

EMPLOYEE AGREES ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT AND GENERAL RELEASE DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

HAVING ELECTED TO EXECUTE THIS AGREEMENT AND GENERAL RELEASE, TO FULFILL THE PROMISES SET FORTH HEREIN, AND TO RECEIVE THE SUMS AND BENEFITS SET FORTH IN THE EMPLOYMENT AGREEMENT, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT AND GENERAL RELEASE INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EXECUTIVE HAS OR MIGHT HAVE AGAINST EMPLOYER.

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Agreement and General Release as of the date set forth below:

By: _____

Name: Paul R. Kuhn
Title: _____
Date: _____

APPENDIX B

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 10 of this Agreement, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by an accounting firm (the "Accounting Firm") selected in accordance with Paragraph 2 below. The Accounting Firm shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the event that results in the potential for an excise tax liability for the Executive, which could include but is not limited to a Change in Control and the subsequent vesting of any cash payments or awards, or the Executive's termination of employment, or such earlier time as is required by the Company. The initial Gross-Up Payment, if any, as determined pursuant to this Paragraph 1, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Auditor's determination. If the Accounting Firm determines that no Excise Tax is payable to the Executive, it shall furnish the Executive with a written report indicating that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph 3 below and Executive thereafter is required to make a payment or additional payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment, increased by all applicable interest and penalties associated with the Underpayment, shall be promptly paid by the Company to or for the benefit of Executive. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes on earned income at the highest marginal rate of taxation in the state and locality of Executive's residence on the Effective Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

2. The Accounting Firm shall be a public accounting firm proposed by the Company and agreed upon by the Executive. If Executive and the Company cannot agree on the firm to serve as the Accounting Firm within ten (10) days after the date on which the Company proposed to Executive a public accounting firm to serve as Auditor, then Executive and the Company shall each select one accounting firm and those two firms shall jointly select the accounting firm to serve as the Accounting Firm within ten (10) days after being requested by the Company and Executive to make such selection. The Company shall pay the Auditor's fee.

3. Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the period ending on the date that any payment of taxes with respect to such claim is due or the thirty day period following the date on which Executive gives such notice to the Company, whichever period is shorter. If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall (i) give the Company any information reasonably requested by the Company relating to such claim, (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company, (iii) cooperate with the Company in good faith in order effectively to contest such claim, and (iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including attorneys fees and any additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Paragraph 3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect to such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax and income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other authority.

4. If, after the receipt by Executive of an amount advanced by the Company pursuant to Paragraph 3 above, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of Paragraph 3), promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).

SIXTH AMENDMENT TO KAMAN CORPORATION

SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN

WHEREAS, Kaman Corporation ("Kaman" or the "Company") established the Kaman Corporation Supplemental Employees' Retirement Plan (originally known as the "Kaman Corporation Excess Benefit Plan") (the "Plan" or "SERP") on April 30, 1976, effective as of January 1, 1976, which has been amended from time to time and, most recently was restated in its entirety on January 1, 1994, and has been amended five times since: and

WHEREAS, Section 6 permits the amendment of the SERP at any time and from time to time; and

WHEREAS, Kaman desires to amend the SERP in certain respects hereinafter enumerated;

NOW THEREFORE, the SERP is hereby amended as follows effective January 1, 2006:

1. The following sentences shall be added after the first sentence of Section 3 of the SERP:

"In calculating the amount of annual benefit which would have accrued for a Participant under the Plan for purposes of Section 3(i), only salary and annual bonus payable prior to the date of the Participant's employment termination with respect to periods of active employment shall be treated as "W-2 Earnings" (for purposes of the Pension Plan) for all periods after December 31, 2005. Under no circumstances shall severance or salary continuation payments made under any plan, program arrangement or agreement of the Company or its affiliates or equity compensation which becomes taxable after December 31, 2005 be included in determining "W-2 Earnings" or "Average Final Salary" for purposes of the SERP."

2. Section 10(a)(1), 10(a)(2) and 10(a)(3) of the SERP are replaced with the following:

"(1) Credited and Continuous Service (as those terms are defined in the Pension Plan) shall accrue at a rate of two (2) years for each completed calendar year of employment, for the first five calendar years of employment (i.e., through December 31, 2003). For this purpose, the period from August 2, 1999 through December 31, 1999 shall be deemed to constitute one completed calendar year of employment. Credited Service and Continuous Service (as those terms are defined in the Pension Plan) shall accrue at a rate of three (3) years for a completed calendar year of employment in 2004 and a completed calendar year of employment in 2005.

(2) Subject to Section 10(a)(4) below, Mr. Kuhn shall accrue Credited Service and Continuous Service with respect to the 2006 calendar year only if he remains employed with the Company on December 31, 2006. In such event, the number of years of Credited Service and Continuous Service to be accrued on Mr. Kuhn's behalf for 2006 shall be 3 years.

(3) Subject to Section 10(a)(4) below, Mr. Kuhn shall accrue Credited Service and Continuous Service with respect to the 2007 calendar year only if he remains employed with the Company on December 31, 2007. In such event, the number of years of Credited Service and Continuous Service to be accrued on Mr. Kuhn's behalf for 2007 shall be 3 years."

3. The following paragraphs shall be added to Section 10(a):

(4) Mr. Kuhn shall have 6 additional years of Credited Service and Continuous Service accrued on his behalf if he terminates employment with the Company before December 31, 2006 in a manner that entitles him to severance benefits under Section 8(d) of his Employment Agreement with the Company dated February 24, 2006 (the "Employment Agreement"). Mr. Kuhn shall have 3 additional years of Credited Service and Continuous Service accrued on his behalf if he terminates employment with the Company on or after December 31, 2006 but before December 31, 2007 in a manner that entitles him to severance benefits under Section 8(d) of the Employment Agreement.

(5) Mr. Kuhn shall not accrue any Credited Service or Continuous Service (as those terms are defined in the Pension Plan) on and after January 1, 2008 under any circumstances.

(6) The maximum benefit that Mr. Kuhn may receive from the SERP shall not exceed:

(i) \$8,912,000 (or its Actuarial Equivalent if payment is made in a form other than a single lump sum payment) if Mr. Kuhn does not remain employed by the Company on December 31, 2006;

(ii) \$10,500,000 (or its Actuarial Equivalent if payment is made in a form other than a single lump sum payment) if Mr. Kuhn does not remain employed by the Company on December 31, 2007; and

(iii) \$12,000,000 (or its Actuarial Equivalent if payment is made in a form other than a single lump sum payment) if Mr. Kuhn remains employed on or after December 31, 2007.

Notwithstanding the foregoing, the maximum benefit that Mr. Kuhn may receive from the SERP shall be increased to \$12,000,000 (or its Actuarial Equivalent if payment is made in a form other than a single lump sum payment) under Section 10(a)(6)(i) and (ii) above if his employment terminates prior to December 31, 2007 in a manner that entitles him to severance benefits under Section 8(d) of his Employment Agreement.

(7) In determining the maximum benefit for purposes of Section 10(a)(6) if Mr. Kuhn elects payment other than in the form of a single lump sum payment, Actuarial Equivalence shall be determined based on the definition of Actuarial Equivalent in Section 2.1 of the Pension Plan after disregarding Section 2.1(c) and (d).

EXCEPT AS AMENDED HEREIN, the terms of the SERP, as amended and restated as of January 1, 1994, and as amended by a First Amendment, Second Amendment, Third Amendment, Fourth Amendment and a Fifth Amendment, are confirmed and remain unchanged.

IN WITNESS WHEREOF, Kaman Corporation has caused this Sixth Amendment to be executed on its behalf by its duly authorized officer this 27th day of February, 2006.

KAMAN CORPORATION

By: /s/ Robert M. Garneau

Robert M. Garneau

Its: Executive Vice President and Chief Financial Officer

Attest:

/s/ Candace A. Clark

Date: February 27, 2006

KAMAN

KAMAN REPORTS FOURTH QUARTER, YEAR 2005 RESULTS

BLOOMFIELD, Connecticut (February 27, 2006) - Kaman Corp. (NASDAQ: KAMN) today reported financial results for its fourth quarter and year ended December 31, 2005.

The company reported net earnings for the 2005 fourth quarter of \$9.2 million, or \$0.38 per share diluted, compared to \$0.5 million, or \$0.02 per share diluted in the 2004 period. The 2005 fourth quarter results include a \$2.5 million pretax charge related to completion of the company's SH-2G helicopter program for Australia. The quarter also includes \$5.1 million in pretax income resulting primarily from recoveries of certain past due amounts that the company had written off in 2004 on programs with MD Helicopters, Inc. (MDHI). The effective tax rate for the 2005 fourth quarter was 53.0 percent, due primarily to certain non-deductible expenses described below. The 2004 fourth quarter results include a loss before income taxes of \$2.5 million, offset by a fourth quarter tax benefit of \$3.0 million due to an adjustment in the full-year effective tax benefit to 31.1 percent. Net sales for the 2005 fourth quarter were \$288.5 million, compared to \$256.2 million in the 2004 period.

For the 2005 full year, the company reported net earnings of \$13.0 million, or \$0.57 per share diluted, compared to a net loss of \$11.8 million, or \$0.52 loss per share diluted, in 2004. Results for 2005 include the benefit of \$7.7 million in pretax income arising primarily from MDHI recoveries offset by \$16.8 million in pretax charges for the Australia helicopter program. The 2005 results also include the impact of \$8.3 million of primarily nondeductible expenses for stock appreciation rights triggered by a significant increase in the price of Kaman stock in 2005 and \$3.3 million in nondeductible expenses for legal and financial advisory fees related to the company's successful recapitalization effort. These non-deductible expenses raised the effective 2005 tax rate to 54.8 percent. The 2004 loss was primarily attributable to \$41.6 million of previously disclosed adjustments taken in the Aerospace segment. Net sales for the 2005 full year were \$1.1 billion, compared to \$995.2 million in 2004.

Paul R. Kuhn, chairman, president and CEO, said, "In 2005, the result of years of effort came together for the good of our shareholders, and the many accomplishments achieved during this period have enhanced Kaman's strong foundation for future growth. Beyond our operational accomplishments during the year, the single most important achievement in 2005 was the successful completion of our corporate recapitalization in November. As a result of this action, a single class of voting common stock has replaced the dual class structure that had been in place. With each of our previously non-voting Class A common shareholders and all future shareholders now having the advantage of Kaman's new "one-share, one-vote" capital structure, I believe there will be a greater opportunity for the value of the company to be better reflected in the stock price, and that should make the benefits of the recapitalization well worth the effort that went into making it possible. The recapitalized company should now have even better access to growth capital."

Summary of Segment Information
 (In millions)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2005	2004	2005	2004
Net sales:				
Aerospace	\$ 75.6	\$ 71.5	\$ 288.0	\$ 252.4
Industrial Distribution	152.0	141.6	621.9	581.8
Music	60.9	43.1	191.3	161.0
	288.5	256.2	1,101.2	995.2
Operating income (loss):				
Aerospace	16.4	1.2	33.3	(14.3)
Industrial Distribution	7.3	3.0	29.4	19.3
Music	5.2	4.3	13.0	11.1
Net gain on sale of assets	-	-	-	.2
Corporate expense ⁽¹⁾	(8.3)	(9.7)	(42.9)	(28.8)
Operating income (loss)	20.6	(1.2)	32.8	(12.5)
Interest expense, net	(1.1)	(1.0)	(3.0)	(3.6)
Other expense, net	-	(.3)	(.9)	(1.1)
Earnings (loss) before				
income taxes	\$ 19.5	\$ (2.5)	\$ 28.9	\$ (17.2)

⁽¹⁾ “Corporate Expense” decreased for the three months ended December 31, 2005 and increased for the twelve months ended December 31, 2005, compared to the same periods of 2004, as shown below:

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2005	2004	2005	2004
Corporate expense before other items	\$ (3.9)	\$ (3.5)	\$ (16.5)	\$ (13.7)
Other items:				
Incentive compensation	(.6)	.1	(2.9)	(.5)
Stock appreciation rights	.1	(.2)	(8.3)	(.2)
Pension expense	(1.4)	(1.6)	(5.7)	(6.2)
Supplemental retirement plan	(.7)	(1.5)	(3.0)	(5.0)
Long term incentive plan	(.6)	(2.9)	(3.2)	(2.9)
Recapitalization expenses	(1.2)	(.1)	(3.3)	(.3)
Corporate expense - total	\$ (8.3)	\$ (9.7)	\$ (42.9)	\$ (28.8)

REPORT BY SEGMENT

Aerospace Segment

The Aerospace segment had fourth quarter operating income of \$16.4 million, compared to operating income of \$1.2 million a year ago. The 2005 fourth quarter results include the impact of an additional \$2.5 million pretax charge for the SH-2G(A) helicopter program for Australia due to cost growth associated with the completion of the program, and \$0.7 million in pretax idle facility and related costs. Results for the fourth quarter of 2005 also include the benefit of \$5.1 million in pretax income associated primarily with the MDHI recoveries. The 2004 fourth quarter results include \$10.8 million in pretax charges taken to address various segment programs, and \$0.9 million in pretax idle facility and related costs. Segment sales for the 2005 fourth quarter were \$75.6 million, compared to \$71.5 million in the 2004 period.

For the 2005 full year, the segment had operating income of \$33.3 million, compared to an operating loss of \$14.3 million in 2004. The 2005 results include the impact of \$16.8 million in pretax charges taken against the Australia program and \$2.7 million in pretax idle facility and related costs; along with the benefit of \$7.7 million in pretax earnings associated primarily with the MDHI recoveries. The 2004 full year results include the impact of \$41.6 million in negative pretax adjustments to certain Aerostructures, Fuzing and Helicopters Divisions’ programs and \$3.3 million in pretax idle facility and related costs. Segment sales for 2005 were \$288.0 million, compared to \$252.4 million in 2004.

Mr. Kuhn said, “While we are still far from achieving the full potential of the Aerospace segment, the performance of each of the operating units provides the basis for optimism. Overall, the reorganization of the segment undertaken in 2004 has provided meaningful enhancement to management visibility and accountability, and has been an important enabler of the progress we are making in this segment.”

Quarterly and annual sales for 2005 and 2004 are presented net of intercompany eliminations for each of the segment’s operating units, excluding the Electro-Optics Development Center, as follows:

Operating Unit	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Year	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Aerostructures	\$ 12.9	\$ 10.7	\$ 13.4	\$ 11.0	\$ 14.7	\$ 10.4	\$ 14.0	\$ 13.3	\$ 55.0	\$ 45.4
Fuzing	12.8	9.0	15.0	16.2	15.5	10.9	15.1	20.7	58.4	56.8
Helicopters	15.2	18.0	23.3	18.4	16.8	10.6	21.4	20.0	76.7	67.0
Kamatics/RWG	23.0	19.8	22.8	18.6	22.8	19.7	23.6	19.0	92.2	77.1

Aerostructures Division:

The Aerostructures Division had net sales of \$14.0 million in the fourth quarter of 2005, compared to \$13.3 million the previous year. Net sales for 2005 were \$55.0 million, compared to \$45.4 million in the 2004 period.

The Aerostructures Division produces subcontract assemblies and detail parts for commercial and military aircraft programs, including several models of Boeing commercial airliners, the C-17 military transport (on contract through mid-2007), which remained the division’s largest program for the quarter, and the Sikorsky BLACK HAWK helicopter. Operations are conducted from the Jacksonville, Florida and Wichita, Kansas facilities.

Operations at the Jacksonville facility continued to improve in the fourth quarter with progress on manufacturing throughput and efficiencies, and the division has begun to ramp up production of cockpits for the Sikorsky BLACK HAWK helicopter. As previously reported, the initial contract, awarded in the third quarter of 2004, covers 80 cockpits for production through 2006, and has a value of \$26.4 million. Follow-on options, if fully exercised, would bring the total potential value to Kaman to approximately \$100.0 million and would include the fabrication of 349 cockpits. Delivery of cockpits to Sikorsky began in April 2005, and is on schedule. Sixteen cockpits had been delivered as of December 31, 2005.

In January 2006, the company’s Plastic Fabricating Company (PlasticFab) in Wichita received a \$20.5 million multi-year contract from the Shenyang Aircraft Corporation of Shenyang, China. PlasticFab will manufacture metal and composite bonded panels for the vertical fin leading edge, which will be part of the Shenyang Aircraft Corporation supplied vertical fin on the new Boeing 787 Dreamliner. Initial deliveries are scheduled to begin in the third quarter of 2006. Also in January 2006, PlasticFab received a \$6.7 million award from Sikorsky Aircraft Corporation to manufacture and assemble composite tail rotor pylons for its MH-92 helicopters which will be operated by the Canadian Maritime Defence Forces as CH-148 Cyclones. Initial deliveries of developmental test units for this program are also expected to begin in the third quarter of 2006.

Fuzing Division:

The Fuzing Division had net sales in the 2005 fourth quarter of \$15.1 million, compared to \$20.7 million a year ago. Net sales for the 2005 full year were \$58.4 million, compared to \$56.8 million in 2004. Principal operations are conducted at the Middletown, Connecticut and Orlando, Florida (Dayron) facilities.

The division manufactures safe, arm and fuzing devices for major missile (Middletown) and bomb (Orlando) programs as well as precision measuring and mass memory systems (Middletown) for commercial and military applications. Principal customers include the U. S. military, General Dynamics, Raytheon, Lockheed Martin and Boeing.

The Middletown facility achieved sales growth in 2005 and performed well on its programs. At the Orlando facility, the company continued to work on material flow and manpower ramp-up to meet production requirements of its FMU-152A/B Joint Programmable Fuze (JPF) contract with the U.S. Air Force. During the fourth quarter, a technical issue was identified involving a component of the fuze, delaying shipments in the quarter. Management believes it has successfully addressed the issue. As previously reported, the contract has a value of \$38.1 million, with a potential value of \$168.7 million if all options for future years’ production are exercised. In addition, the division has received three small orders from foreign militaries. While the early part of the program has been marginally unprofitable, management expects that the program will become profitable as operating efficiencies improve, deliveries to the U.S. military increase, and as further orders are received from foreign militaries.

The division also continued to work toward resolution of two previously reported fuzing product warranty issues at Dayron that affect the FMU-143 program. One issue involves a supplier’s recall of a switch embedded in certain Dayron bomb fuzes, and the second involves bomb fuzes manufactured for the U.S. Army utilizing systems in place at the time Dayron was acquired by Kaman that were subsequently found to contain an incorrect part. It is currently expected that the work to satisfy the impacted customers will be completed in 2006. Another Dayron program involving the FMU-139 fuze has been delayed for over a year while our customer works out its technical issues with its customer, the U.S. Government. Management expects that this issue will be resolved in 2006 with deliveries on this program extending into 2008.

Helicopters Division:

The Helicopters Division had net sales of \$21.4 million in the fourth quarter of 2005, compared to \$20.0 million in the 2004 period. Net sales for the 2005 full year were \$76.7 million, compared to \$67.0 million in 2004. Operations are conducted primarily from the Bloomfield, Connecticut facilities.

The division supports and markets Kaman SH-2G maritime helicopters operating with foreign militaries, and K-MAX “aerial truck” helicopters operating with government and commercial customers in several countries. The division also has other small manufacturing programs and markets its helicopter engineering expertise on a subcontract basis.

SH-2G helicopters are operating with the governments of Egypt, New Zealand, and Poland. The division is currently performing a standard depot level maintenance program for aircraft delivered to Egypt in 1998. Work on the first of nine aircraft has been completed, and work on the second aircraft is underway at the Bloomfield facility. The company has a \$5.3 million contract covering maintenance work on the first two aircraft and an option for the next two. The company is in discussions with the Egyptian government concerning a maintenance program covering the remaining helicopters and various upgrades to the aircraft.

Northrop Grumman and Computer Sciences Corporation continued to make progress toward the completion of the Integrated Tactical Avionics System (ITAS) software development and integration for the SH-2G(A) helicopter program for Australia and in August 2005, commenced software testing procedures in preparation for final quality acceptance. Based upon the results of this testing, management has determined that additional work is required prior to entering a final qualification phase that will conclude the complex software acceptance process. As a result of this additional work, along with continued work on the software integration task, the company recorded \$16.8 million in pretax charges in 2005, \$2.5 million of which was recorded in the fourth quarter of 2005. Delivery of the first fully operational aircraft complete with the ITAS software is now targeted for mid 2006.

Late in the third quarter of 2005, the division received a \$6.4 million contract from Sikorsky Aircraft Corp. to assemble mechanical subassemblies for various models of Sikorsky helicopters, including the UH-60 BLACK HAWK and S-76. This work is now underway at the Bloomfield facility.

During the fourth quarter of 2005, Kaman continued to work with the U.S. Naval Air Systems Command (NAVAIR) and the General Services Administration toward arriving at an agreement for the company’s purchase of that portion of the Bloomfield complex that it currently leases from NAVAIR. The company has submitted an offer to NAVAIR and the General Services Administration detailing its proposal, which includes, as consideration for such purchase, the company undertaking certain environmental remediation activities that may be legally required in the event of a sale of the property. The company also continues to work with government and environmental authorities to prepare the closed Moosup, Connecticut facility for eventual sale, and is cooperating with such authorities in connection with a reclassification of groundwater in the vicinity of the facility.

Kamatics Subsidiary:

Kamatics (including RWG, the company’s German aircraft bearing manufacturing arm) generated net sales of \$23.6 million in the fourth quarter of 2005, compared to \$19.0 million in the 2004 period. Kamatics net sales for the 2005 full year were a record \$92.2 million, compared to \$77.1 million in 2004. Operations are conducted at company facilities in Bloomfield, Connecticut and Dachsbach, Germany.

Kamatics’ proprietary self-lubricating bearings are currently in use in almost all military and commercial aircraft produced in North and South America and Europe, and are market-leading products for applications requiring highly sophisticated engineering and specialization in the airframe bearing market. Order activity from both Airbus and Boeing was strong in 2005, as it was from other customers in both the commercial and military sectors, and backlogs at the end of the year were at a record level. As order levels increased, the subsidiary was able to increase production levels while maintaining delivery schedules, leading to additional sales opportunities and further penetration of the market.

Other Aerospace Matters:

The litigation instituted by the company against the University of Arizona in September 2004 is currently scheduled for a jury trial in late March 2006. The company's claim is for approximately \$6.0 million, an amount that management believes is owed to the Electro-Optics Development Center of Kaman Aerospace Corporation as a result of work it performed beyond the scope of a \$12.8 million contract with the University and which the University refused to address under the changes clause in the contract. The University had filed a counterclaim in the suit for unspecified damages, but has recently indicated in court papers that its current claim is in the range of \$14.4 million. Management is developing its analysis of the University's figures as part of the litigation discovery process.

Industrial Distribution Segment

Net sales for the Industrial Distribution segment in the 2005 fourth quarter were \$152.0 million, compared to \$141.6 million in the 2004 period. The segment had operating income of \$7.3 million in the fourth quarter of 2005, compared to \$3.0 million in the 2004 period. The increase in operating income was primarily attributable to increased sales activity and net favorable year-end adjustments to certain accrued liabilities. The fourth quarter 2004 operating income also includes higher incentive compensation expense than the fourth quarter of 2005. Net sales for 2005 were a record \$621.9 million, compared to \$581.8 in 2004. Operating income for 2005 was a record \$29.4 million, compared to \$19.3 million in 2004.

Mr. Kuhn said, “As these financial results indicate, the segment continued to compete well during 2005. The national accounts program continued to grow, reflecting service excellence and resulting in new or expanded national account contracts with Bimbo Bakeries, Birds Eye Foods, Cadbury Schweppes, Chemical Lime Company, Del Monte Foods Company, Lehigh Cement Company, Mission Foods, Monsanto and Tyco. In addition to benefiting from a strong focus on delivering superior customer service and improving efficiency, the segment’s performance was boosted by continued strength in the industrial market in 2005. A strong market climate continued in the West region of the U.S. and helped offset softness in Southern and Gulf Coast markets as they recovered from the hurricanes of 2005. On balance, the market, as measured by the industrial production index and domestic manufacturing plant capacity utilization appears on track for stability in 2006.”

During 2005, the Industrial Distribution segment continued to work with key customers to identify opportunities to utilize the products it distributes in ways that help them increase efficiency, reduce downtime and lower production costs. This focus on providing innovative customer service is at the core of the company’s long-term strategy for building market share. At the same time, the company continues to focus on geographic expansion and on continuous improvement to drive efficiencies that benefit Kaman and its customers. For the second year running, Kaman’s distribution center order accuracy rate was among the industry’s highest, topping 99.97 percent.

Kaman is the third largest North American industrial distributor serving the bearings, electrical/mechanical power transmission, fluid power, motion control and materials handling markets. The segment offers more than 1.7 million items, as well as value-added services to a base of more than 50,000 customers spanning nearly every sector of industry. Segment operations are headquartered in Windsor, Connecticut and conducted from approximately 200 locations in the U.S., Canada and Mexico.

Music Segment

Net sales in the 2005 fourth quarter were \$60.9 million, including \$17.9 million from the August 2005 acquisition of Musicorp, compared to \$43.1 million for the fourth quarter of 2004. The Music segment’s fourth quarter operating income was \$5.2 million, compared to \$4.3 million in the same quarter of 2004. Net sales for 2005 were a record \$191.3 million, including \$28.7 million from Musicorp, compared to \$161.0 million in 2004. Operating income for 2005 was also a record at \$13.0 million, compared to \$11.1 million in 2004.

Mr. Kuhn said, “The important holiday sales season produced mixed results, with retailers who aggressively promoted business, especially the large chains, doing better than the typical smaller retailer. Although 2005 was a difficult year for the music industry on the whole, the segment continued to successfully implement a growth strategy that combines organic expansion with targeted acquisitions. In 2005 the company signed an exclusive U.S. distribution agreement with Sabian Cymbals, and the acquisition of Musicorp, which had been the second largest independent U.S. distributor of musical instruments and accessories after Kaman, put the company in an even stronger position to take advantage of the logistical, technological and operational efficiencies needed to succeed in the highly competitive musical instrument market.”

Kaman is the largest independent distributor of musical instruments and accessories in the United States, offering more than 20,000 products for amateurs and professionals. Operations are headquartered in Bloomfield, Connecticut and conducted primarily from a manufacturing plant in New Hartford, Connecticut and strategically placed warehouse facilities that cover the North American markets. While the vast majority of Kaman’s music sales are to North American customers, the company continues to build its presence in key international markets.

Concluding Statement

Mr. Kuhn concluded, “Although economic trends always affect our operations, the strategies put in place several years ago and the progress we have made since then should enable us to remain competitive in any normal economic environment. With the recapitalization completed in 2005, new customer wins, and the ‘lean thinking’ practices and operational improvements instituted throughout the company, Kaman enters 2006 in tune with its markets and with good prospects for the future.

FORWARD-LOOKING STATEMENTS

This release may contain forward-looking information relating to the company's business and prospects, including the Aerospace, Industrial Distribution and Music businesses, operating cash flow, and 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 competitions for government programs and thereafter contract negotiations with government authorities, both foreign and domestic; 2) political conditions in countries where the company does or intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) domestic and foreign economic and competitive conditions in markets served by the company, particularly defense, commercial aviation, industrial production and consumer market for music products; 5) satisfactory completion of the Australian SH-2G(A) program, including successful completion and integration of the full ITAS software; 6) receipt and successful execution of production orders for the JPF U.S. government contract including the exercise of all contract options and receipt of orders from allied militaries, as both have been assumed in connection with goodwill impairment evaluations; 7) satisfactory resolution of the EODC/University of Arizona litigation; 8) satisfactory resolution of i) warranty issues and the DCIS investigation related to the FMU-143 program and ii) supplier-related issues hindering the FMU-139 program, at Dayton; 9) achievement of enhanced business base in the Aerospace segment in order to better absorb overhead and general and administrative expenses; 10) satisfactory results of negotiations with NAVAIR concerning purchase of the company's leased facility in Bloomfield, Conn.; 11) continued support of the existing K-MAX helicopter fleet, including sale of existing K-MAX spare parts inventory and in 2007, availability of a redesigned clutch assembly system; 12) cost growth in connection with environmental remediation activities at the Moosup facility and such potential activities at the Bloomfield facility; 13) profitable integration of acquired businesses into the company's operations; 14) changes in supplier sales or vendor incentive policies; 15) the effect of price increases or decreases; 16) pension plan assumptions and future contributions; 17) continued availability of raw materials in adequate supplies; 18) the effects of currency exchange rates and foreign competition on future operations; 19) changes in laws and regulations, taxes, interest rates, inflation rates, general business conditions and other factors; and 20) other risks and uncertainties set forth in the company's annual, quarterly and current reports, and proxy statements. Any forward-looking information provided in this release should be considered with these factors in mind. The company assumes no obligation to update any forward-looking statements contained in this release.

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KAMAN CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(In thousands except per share amounts)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2005	2004	2005	2004
Net Sales	\$ 288,516	\$ 256,226	\$ 1,101,196	\$ 995,192
Costs and expenses:				
Cost of sales	205,502	198,837	814,385	770,285
Selling, general and administrative expense	63,004	59,186	256,241	239,368
Net (gain) loss on sale of assets	(24)	16	27	(199)
Other operating income	(643)	(510)	(2,214)	(1,731)
Interest expense, net	1,134	945	3,046	3,580
Other expense, net	17	256	860	1,053
	268,990	258,730	1,072,345	1,012,356
Earnings (loss) before income taxes	19,526	(2,504)	28,851	(17,164)
Income tax benefit (expense)	(10,348)	2,997	(15,823)	5,342
Net earnings (loss)	\$ 9,178	\$ 493	\$ 13,028	\$ (11,822)
Net earnings (loss) per share:				
Basic	\$.39	\$.02	\$.57	\$ (.52)
Diluted ⁽¹⁾	\$.38	\$.02	\$.57	\$ (.52)
Average shares outstanding:⁽²⁾				
Basic	23,641	22,748	23,038	22,700
Diluted ⁽³⁾	24,575	23,651	23,969	22,700
Dividends declared per share	\$.125	\$.11	\$.485	\$.44

⁽¹⁾ The calculated diluted per share amounts for the three months ended December 31, 2004 and the twelve months ended December 31, 2004 are anti-dilutive, therefore, amounts shown are equal to the basic per share calculation.

⁽²⁾ Average shares outstanding for the three and twelve months ended December 31, 2005 increased from prior year principally due to the completion of the recapitalization on November 3, 2005.

⁽³⁾ Additional potentially diluted average shares outstanding of 942 for the twelve months ended December 31, 2004 have been excluded from the average diluted shares outstanding due to the loss from operations in that year.

KAMAN CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands)

	December 31, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,998	\$ 12,369
Accounts receivable, net	176,285	190,141
Inventories	220,714	196,718
Deferred income taxes	31,652	35,837
Other current assets	17,159	15,270
Total current assets	458,808	450,335
Property, plant and equipment, net	51,592	48,958
Goodwill and other intangible assets, net	74,529	55,538
Other assets	13,568	7,500
	\$ 598,497	\$ 562,331
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable	\$ 915	\$ 7,255
Current portion of long-term debt	1,660	17,628
Accounts payable	94,716	74,809
Accrued contract losses	19,950	37,533
Accrued restructuring costs	3,026	3,762
Other accrued liabilities	54,227	38,961
Advances on contracts	14,513	16,721
Other current liabilities	27,846	26,624
Income taxes payable	6,423	2,812
Total current liabilities	223,276	226,105
Long-term debt, excluding current portion	62,235	18,522
Other long-term liabilities	43,232	33,534
Shareholders' equity	269,754	284,170
	\$ 598,497	\$ 562,331

KAMAN CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)

	For the Twelve Months Ended December 31,	
	2005	2004
Cash flows from operating activities:		
Net earnings (loss)	\$ 13,028	\$ (11,822)
Depreciation and amortization	9,555	8,969
Provision (recovery) for losses on accounts receivable	(2,120)	2,180
Net (gain) loss on sale of assets	27	(199)
Non-cash write-down of assets	-	962
Non-cash sales adjustment for costs		
- not billed	-	21,332
Deferred income taxes	3,183	(11,421)
Other, net	4,086	7,418
Changes in current assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	20,487	(20,179)
Inventory	(9,825)	(18,175)
Income taxes receivable	-	1,043
Accounts payable	12,898	15,149
Accrued contract losses	(17,550)	13,458
Accrued restructuring costs	(736)	(2,347)
Advances on contracts	(2,208)	(2,972)
Changes in other current assets and liabilities	10,203	19,267
Income taxes payable	3,660	2,807
Cash provided by (used in) operating activities	44,688	25,470
Cash flows from investing activities:		
Proceeds from sale of assets	346	376
Expenditures for property, plant & equipment	(9,866)	(7,539)
Acquisition of businesses, less cash acquired	(31,875)	(2,435)
Other, net	788	(770)
Cash provided by (used in) investing activities	(40,607)	(10,368)
Cash flows from financing activities:		
Changes to notes payable	(6,341)	1,197
Additions / (reductions) to long-term debt	27,745	(2,134)
Recapitalization	(13,892)	-
Proceeds from exercise of employee stock plans	585	1,218
Purchase of treasury stock	-	(9)
Dividends paid	(10,747)	(9,979)
Debt issuance costs	(824)	-
Other	-	(305)
Cash provided by (used in) financing activities	(3,474)	(10,012)
Net increase (decrease) in cash and cash equivalents	607	5,090
Effect of exchange rate changes on cash and cash equivalents	22	149
Cash and cash equivalents at beginning of period	12,369	7,130
Cash and cash equivalents at end of period	\$ 12,998	\$ 12,369

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