UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 2006.

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _________ TO _________

Commission File No. 0-1093

KAMAN CORPORATION
(Exact name of registrant as specified in its charter)

Connecticut	06-0613548
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

- Common Stock, Par Value $1.00
- 6% Convertible Subordinated Debentures Due 2012

The NASDAQ Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No x

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated herein by reference in Part III of this Form 10-K or any amendment to this Form 10-K x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer x Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

$425,833,500 as of June 30, 2006.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date (February 1, 2007).

Common Stock $1 par value per share	24,156,214

Documents Incorporated Herein By Reference

Document	Parts Into Which Incorporated
Annual Report to Shareholders for the Fiscal Year Ended December 31, 2006 (Annual Report)	Parts II and IV
Proxy Statement for the Annual Meeting of Shareholders to be held April 17, 2007 (Proxy Statement)	Part III

Kaman Corporation
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Year Ended December 31, 2006

PART I

ITEM 1. BUSINESS

INTRODUCTION

Kaman Corporation, incorporated in 1945, reports information for itself and its subsidiaries (collectively, the "company") in three business segments: Aerospace, Industrial Distribution, and Music.*

The Aerospace segment consists primarily of the following subsidiaries: Kaman Aerospace Corporation, Kamatics Corporation, Kaman Dayron, Inc. (Dayron), Plastic Fabricating Company, Inc. (PlasticFab), and RWG Frankenjura-Industrie Flugwerklager GmbH (RWG). The divisions of Kaman Aerospace Corporation are Aerostructures, Fuzing and Helicopters, which, together with the listed subsidiaries, form the operating units of the segment. Aerospace segment sales constituted 27.0 percent of the company's consolidated net sales for 2006.

The Aerostructures Division, including PlasticFab operations, produces aircraft subassemblies and other parts for commercial and military airliners and helicopters. Its principal customers are Boeing and Sikorsky Aircraft Corporation. Operations involving the use of metals are conducted principally at the company's Jacksonville, Florida facility, while operations involving composite materials are conducted principally at the PlasticFab facility in Wichita, Kansas.

The Fuzing Division manufactures products for military and commercial markets, primarily related to military safe, arm and fuzing devices for several missile and bomb programs; as well as precision non-contact measuring systems for industrial and scientific use; and high reliability memory systems for airborne, shipboard, and ground-based programs. Principal customers include the U.S. military, Boeing, Lockheed Martin and Raytheon. In September 2006, the division assumed responsibility for the company’s Electro-Optics Development Center (EODC). As a result, operations now are conducted at the Middletown, Connecticut, Orlando, Florida (Dayron) and Tucson, Arizona (EODC) facilities.

The Helicopters Division markets its helicopter engineering expertise and performs subcontract programs for other manufacturers. It also refurbishes, provides upgrades, and supports Kaman SH-2G maritime helicopters operating with foreign militaries as well as K-MAX® “aerial truck” helicopters operating with government and commercial customers in several countries. The SH-2G aircraft is currently in service with the Egyptian Air Force and the New Zealand and Polish navies. Operations are primarily conducted at the Bloomfield, Connecticut facility.

Operations for Kamatics are conducted at the Bloomfield, Connecticut and Dachsbach, Germany (RWG) facilities. Kamatics primarily manufactures proprietary self-lubricating bearings used in aircraft flight controls, turbine engines and landing gear in Bloomfield. These bearings are currently used in nearly all military and commercial aircraft in production in North and South America and Europe and are market-leading products for applications requiring a highly sophisticated level of engineering and specialization in the airframe bearing market. Kamatics also manufactures market leading proprietary power transmission couplings for helicopters and other applications in Bloomfield and custom designed and manufactured rolling element and self-lubricating bearings at RWG for aerospace applications.

The Industrial Distribution segment is the third largest power transmission/motion control industrial distributor in North America. We provide services and products including bearings, electrical/mechanical power transmission, fluid power, motion control and materials handling components to a broad spectrum of industrial markets throughout North America. Our locations consist of nearly 200 branches, distribution centers and call centers across the United States and in Canada and Mexico. We offer almost two million items, as well as value-added services, to a base of more than 50,000 customers representing a highly diversified cross-section of North American industry. Industrial Distribution segment sales constituted 55.2 percent of the company's consolidated net sales for 2006.

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*Throughout this report, divisions and/or subsidiary operations may also be referred to as “operating units”.

The Music segment is the largest independent distributor of musical instruments and accessories in the United States, offering more than 20,000 products for amateurs and professionals. Our premium branded products, many of which are brought to the market on an exclusive basis, and our market-leading business-to-business systems for our customer base of over 10,000 retailers nationwide, contribute to the performance of the business. Our array of fretted instruments includes proprietary products, such as the Ovation® and Hamer® guitars, as well as premier products including Takamine® guitars which are distributed in the United States under an exclusive distribution agreement. We offer an extended line of percussion products and accessories through Latin Percussion®, the leading supplier of hand percussion instruments. Additionally, our exclusive distribution agreements with Gretsch® drums, Sabian® cymbals, and most recently with Elixir® Strings, along with our own CB®, Toca® and Gibraltar® lines, have further enhanced our array of products offered. While the vast majority of sales are to North American customers, we continue to build our presence in key international markets including Europe, Asia, South America and Australia. Operations are headquartered in Bloomfield, Connecticut and conducted from manufacturing plants in New Hartford, Connecticut and Scottsdale, Arizona, and strategically placed warehouse facilities that primarily cover the North American market. Music segment sales constituted 17.8 percent of the company's consolidated net sales for 2006.

EXECUTIVE SUMMARY OF KEY EVENTS REGARDING 2006

- The company experienced record consolidated net sales for 2006 of $1.2 billion, an increase of 9.5 percent over 2005, with Kamatics and the Industrial Distribution segment generating record sales for 2006.

- The Aerospace and Industrial Distribution segments experienced record operating income for 2006.

- Net earnings were $31.8 million, or $1.30 per share diluted, compared to net earnings for 2005 of $13.0 million, or $0.57 per share diluted. The improvement compared to 2005 is due in significant part to higher sales volume, increased gross profit and continued focus on controlling operating expenses.

- We completed our first full year of operations since recapitalizing into a single class of voting stock in November 2005. The recapitalization replaced the company’s previously existing dual class common stock structure (Class A non-voting common and Class B voting common, $1 par value each) with one class of voting common stock ($1 par value).

- The Aerospace segment continued to improve profitability through operating efficiencies and further developing relationships with many key customers including Sikorsky, Boeing and Airbus, which resulted in broadening our business base.

- In the fourth quarter of 2006, the U.S. Air Force released production for Option 4 of the Joint Programmable Fuze (JPF) program. This Option, valued at $39.6 million, is in addition to other JPF contract modifications signed during 2006 totaling $38.9 million.

- The company continued to work with our customer towards completion of the Australia SH-2G(A) program and we recorded an additional $9.7 million loss reserve related to incremental anticipated costs to complete the contract. Please refer to the Helicopters Division narrative for further information regarding the Australia program.

- The Industrial Distribution segment won significant new business in 2006 with two prestigious, nationally known companies. One of these new accounts is expected to become one of the segment's largest. The segment also won renewal of all of its major agreements that were due to expire during the year.

- As the Music segment worked to finalize the plan to consolidate our 2005 Musicorp acquisition, we have also increased our market presence as well as our ability to provide service to both our national and mid to small size customers.

- As of December 31, 2006, the company had a $150 million revolving credit facility (Revolving Credit Agreement) expiring August 4, 2010 containing an “accordion” feature that provided the company the opportunity to request, subject to bank approval, an expansion of up to $50 million in the overall size of the facility. In January 2007, this accordion was activated, thereby expanding the Revolving Credit Agreement to $200 million. In conjunction with this exercise, the Revolving Credit Agreement was amended to add another $50 million accordion feature for possible future activation, bringing the total potential arrangement to $250 million.

AEROSPACE SEGMENT

Segment sales for calendar year 2006 were $326.0 million compared to $288.0 million in 2005. The segment had operating income of $48.1 million for 2006 compared to operating income of $33.3 million in 2005 driven primarily by an increase in sales volume at the Aerostructures and Fuzing Divisions as well as Kamatics. The 2006 results include a total charge of $9.7 million recorded for the Australia SH-2G(A) program compared to $16.8 million of such charges in 2005. The 2005 results also include the recovery of $6.8 million of previously written off program investments related to MD Helicopters, Inc.

Prior to 2005, our Aerospace segment was one in which many of our activities were designed to support our prime helicopter operations. In 2005, the segment realigned and created separate divisions to provide a more focused organizational structure, separating the operating units that were subject to larger prime contractor overheads from the other units. Since then, we have reduced those overheads, focused on opportunities having the best overall margin potential, upgraded facilities, and employed lean initiatives to streamline business processes. Taken together, these activities have facilitated our efforts to build our business base and further develop our reputation as an attractive domestic subcontractor to prime manufacturers.

Aerostructures Division

The Aerostructures Division had net sales for 2006 of $78.7 million compared to $55.0 million in 2005, a 43.2 percent increase. The largest contributor to the increase is the contract with Sikorsky for production of cockpits for the BLACK HAWK helicopter, followed by higher shipments to Boeing, most notably for the 777 program.

The Sikorsky helicopter program, the Boeing 777 program, and the Boeing C-17 wing structure assembly program comprise the Aerostructures Division’s major programs. During 2006, the Division's Jacksonville facility continued to ramp up production for the multi-year Sikorsky program, which includes installation of all wiring harnesses, hydraulic assemblies, control pedals and sticks, seat tracks, pneumatic lines, and the composite structure that holds the windscreen for several models of cockpit for the BLACK HAWK helicopter. This program could lead to the fabrication of approximately 350 units and bring the total value to approximately $100.0 million or more depending upon which models are ultimately ordered. The original order, which was received in late 2004, covered approximately 80 cockpits. In the third quarter of 2006, Sikorsky ordered an additional 30 cockpits bringing the total order to 110 cockpits and management estimates that both orders will be fully delivered by mid-2007. In February 2007, the division received a follow-on order for an additional 176 cockpits consisting of various models. Management anticipates that deliveries on this 2007 order will continue through 2008. As production for this program has increased, sales have increased and profitability has improved. A total of 72 cockpits have been delivered under this contract from inception to date. As a result of our performance on this program, the Helicopters Division has also experienced opportunities to work with Sikorsky.

Work continued on the production of structural wing subassemblies for the Boeing C-17. This long-term program has been an important element in helping to maintain a sufficient business base at the Jacksonville facility. The program was originally scheduled to conclude in mid-2007 with the completion of the 180th aircraft. Recently, Boeing informed the division that the program will continue for a minimum of 22 additional shipsets, extending deliveries through the end of 2008.

Throughout 2006, the division has continued to work toward increasing operational efficiencies through process improvement and lean initiatives. The Jacksonville facility has clearly benefited from these efforts and is developing a reputation as a lower cost, high quality domestic subcontractor for the aerospace community's prime manufacturers. We are continuing these efforts at both our Jacksonville facility and our PlasticFab facility in Wichita.

PlasticFab began work on three significant new programs during 2006. Early in the year, PlasticFab was awarded a $15.0 million multi-year contract by Spirit AeroSystems for production of the composite flight deck floor for the Boeing 787 Dreamliner and a $20.5 million multi-year contract by Shenyang Aircraft Corporation for the manufacture of metal and composite bonded panels for the same aircraft. During the year, PlasticFab also received a $6.7 million contract award from Sikorsky to manufacture and assemble composite tail rotor pylons for its MH-92 helicopters. In late 2006, PlasticFab shipped its first parts for both the Shenyang and Spirit programs and production on all three of these programs is expected to ramp up during 2007 and 2008. We are working with our customers to ensure that these new contracts are brought on line effectively in order to meet scheduling requirements and customer expectations. We are also focused on attracting and retaining qualified personnel in order to be able to effectively carry out this new work and continue to support our legacy aircraft composite programs.

Fuzing Division

The Fuzing Division had net sales in 2006 of $71.1 million compared to $64.1 million in 2005, a 10.9 percent increase. In September 2006, the division took responsibility for EODC and as a result, the net sales for the Fuzing Division now include EODC sales of $3.4 million for 2006 and $5.7 million for 2005. The increase in sales for 2006 is primarily due to higher production volume and shipments at the Middletown, CT facility for its legacy fuzing programs as well as higher shipments on the advanced FMU-152A/B Joint Programmable Fuze (JPF) program at the Dayron facility. These positive operating results were partially offset by a decrease in sales on the 40MM program due to production interruptions in early 2006 after which production resumed in mid-2006.

Dayron continued to produce fuzes under its contract with the U.S. Air Force for the JPF program. The current total value of JPF contracts awarded by the U.S. Government from inception to date is $116.6 million, which includes the fourth quarter 2006 exercise of Option 4 under this program. This value primarily consists of Options 1 through 4 under the original contract and various contract modifications, including a two-phase facilitization contract modification, additional foreign military sales facilitated by the U.S. Government, as well as a variety of development and engineering contracts, along with special tooling and test equipment. Delivery requirements under Option 1 were completed during mid-2006 and management anticipates delivery of the remaining fuzes under Option 2 in the first quarter of 2007. Planned deliveries for further options that have been exercised under the contract currently extend into late 2008.

Throughout 2006 the division worked through a variety of issues related to the JPF manufacturing process that have in the past resulted in, and may continue to result in, periodic interruptions of program production. The division continues to work on diagnosing and correcting technical issues, strengthening the reliability of its supply chain, and improving material flow on the JPF program in order to meet production requirements. The division also worked on production system improvements throughout the year although the various production interruptions that have sporadically occurred have created operational inefficiencies. Management believes that we have made significant progress on many of these matters and believes most of them are now behind us.

The facilitization program that is currently underway is an important element in improving our quality and efficiency on this program. The two-phase facilitization project will result in, among other things, a second JPF production line at the division's Middletown facility. This program provides us an opportunity to review production workflow to create greater efficiencies. Management expects that the facilitization program will be completed in late 2007. Additionally, as the JPF product has continued to develop in the market, the division is focused on further marketing of the JPF to foreign allied militaries. Management believes that foreign sales are another important element in the ultimate success of the program. Overall, we believe that profitability will improve as progress is made relative to operating efficiencies, as deliveries to the U.S. military increase and as further orders are received from foreign militaries.

The division has two warranty-related matters that primarily impact the FMU-143 program at the Dayron facility. The first item involves a supplier's recall of a switch embedded in certain bomb fuzes. The second item involves bomb fuzes manufactured for the U.S. Army utilizing systems which originated before Dayron was acquired by the company that have since been found to contain an incorrect part. The U.S. Army Sustainment Command (USASC), the procurement agency that administers the FMU-143 contract, had authorized warranty rework in the late 2004/early 2005 timeframe, however Dayron had not been permitted to finish the work due to issues raised by USASC, primarily related to administrative matters and requests for verification of the accuracy of test equipment (which accuracy was subsequently verified). On December 27, 2006, the USASC notified Dayron that it was changing its remedy under the warranty clause from correction of the non-conforming fuzes to an "equitable adjustment" of the contract price in the amount of $6.9 million. Management believes that the USASC is unjustified in attempting to make this change and has responded to that effect to the USASC. The parties are following the procedure established by the contract and if the USASC determines that it will not accept a rework of the fuzes, the company intends to appeal the decision. Additionally, as previously disclosed, in March 2005 the U.S. Attorney's Office for the Middle District of Florida and the Defense Criminal Investigative Service (DCIS) initiated an investigation into the second warranty matter. Dayron has cooperated fully with the authorities, working to resolve the matter in a mutually satisfactory manner. As of the date of this report, Dayron has not received any notification from the authorities regarding resolution of the investigation.

Helicopters Division

The Helicopters Division had net sales in 2006 of $69.9 million compared to $76.7 million in 2005, a decrease of 8.8 percent. The decrease in net sales is primarily due to the sale of four K-MAX aircraft in 2005 compared to only one aircraft sale in 2006, that being the last available K-MAX aircraft. This decrease was partially offset by new work that the Helicopters Division performed for Sikorsky during 2006.

Work continued throughout 2006 on the SH-2G(A) program for Australia. This program involves the remanufacture of eleven helicopters with support, including a support services facility, for the Royal Australian Navy (RAN). The combined contracts have a current anticipated value of $762.6 million. The helicopter production portion of the program is valued at $612.7 million, essentially all of which has been recorded as sales through 2006. The associated in-service support center contract has a current anticipated value of $149.9 million of which 45 percent has been recorded as sales through the end of 2006. The division made significant progress during 2006 toward completion of the requirements of the 1997 production contract with the Commonwealth of Australia by performing Formal Qualification Testing (FQT) of the Integrated Tactical Avionics System (ITAS). During this time, the division also worked with the Commonwealth to resolve previously reported flight safety questions that resulted in grounding of the aircraft early in 2006 and management believes that the cause of the safety concern has been rectified. The Commonwealth also continued to develop additional work scope related to its aircraft certification requirements, which would involve development and testing of new software and hardware requirements for the automatic flight control system. The division has provided a proposal to perform the additional work, which could take up to approximately twenty-nine months.

Meanwhile, the company awaits the result of a previously reported review by the Commonwealth's Minister of Defence regarding the possibility of pursuing an alternative to the Kaman program. The company believes that its program is the most efficient and cost effective method to achieve the RAN's operational needs.

While these activities are ongoing, in January 2007, the Commonwealth also initiated the process that is provided for under the contract to resolve disputes (which would begin with discussions between the parties and could ultimately result in arbitration). The parties subsequently agreed to stop that process and mutually waive, for the present, the expiration of any statute of limitations periods that might be involved in the dispute. The Commonwealth's principal assertions are that the helicopters have not been delivered in a timely manner and the design of the helicopter, particularly the automatic flight control system, is inadequate from a safety perspective. Management believes that its obligations to the Commonwealth under the program are being performed and the design of the SH-2G(A) is safe and proper as demonstrated by the significant operational history of this aircraft type with several countries, including the United States. Management intends to continue its efforts to work with the Commonwealth to develop a satisfactory path forward to complete the SH-2G(A) program, which may include the additional work discussed above.

Continued cost growth on this contract has resulted in a total charge of $9.7 million in 2006 compared to $16.8 million recorded during 2005. This production contract has been in a loss position since 2002. The remaining accrued contract loss as of the end of 2006 is $11.3 million. This contract loss accrual continues to be monitored and adjusted as necessary to reflect the anticipated cost of completing the contract.

The division is also continuing work under a program to provide depot level maintenance for SH-2G(E) helicopters delivered to the government of Egypt during the 1990s. Through December 2006, the total estimated value of the program was $7.3 million and the division had completed work on three of the aircraft. Work on the fourth aircraft commenced in August 2006 and is anticipated to be completed in May 2007. In January 2007, the division received authorization for $1.8 million for depot level maintenance on the fifth aircraft.

In July 2006, the Helicopters Division received a $3.1 million contract modification from the Army Material Research Development and Engineering Command for follow-on work associated with development of the BURRO Unmanned Resupply Helicopter, utilizing the K-MAX. The funding covers work to enhance features of the flight and mission management system and to support BURRO participation in Army demonstrations. Separately, BURRO was selected to participate in an Army-sponsored demonstration at Ft. Benning, Georgia in November 2006, during which promising new technologies were being evaluated for rapid introduction into the Army. The results of the Army's evaluation are expected in early 2007.

The division continues to support K-MAX helicopters that are operating with customers. At the end of 2006, the division maintained $19.3 million of K-MAX inventory, which consisted of spare parts.

The Helicopters Division began to perform subcontract work for Sikorsky in 2006 involving fuselage joining and installation tasks on the BLACK HAWK helicopter as well as providing certain mechanical subassemblies.

Kamatics

Kamatics (including RWG, the company's German aircraft bearing manufacturing operation) had net sales of $106.3 million for 2006 compared to $92.2 million in 2005, an increase of 15.2 percent. The increase for 2006 is a result of a higher volume of shipments to our customers in the commercial jet liner market, the commercial aftermarket, regional jet market and the commercial engine market.

Several key customers, including Boeing and Airbus, have been significant contributing factors to Kamatics' operating results. Kamatics continues to concentrate on maintaining delivery schedules, as well as actively seeking additional sales opportunities and working toward further market penetration. The company's continued focus on process improvement and enhancing operating efficiencies allows it to manage the additional order activity and backlog. Kamatics' shorter lead times and high on-time delivery performance has earned it a reputation as an industry leader in overall delivery performance. In order to meet production requirements, Kamatics added 25,000 square feet of plant space at the Bloomfield site during the fourth quarter, representing an approximate 20 percent increase in production space. An additional 10,000 square feet is under construction for occupancy in the second quarter of 2007.

In December 2006, Kamatics was awarded the Pratt & Whitney Gold Supplier Award. Kamatics is one of only nine Pratt & Whitney Gold Supplier companies worldwide ever to have received this recognition.

OTHER AEROSPACE SEGMENT MATTERS

As previously reported, a jury verdict was reached on May 17, 2006 in the company's breach of contract suit against the University of Arizona. The jury found in favor of Kaman on its claim that the University breached the contract between the parties and also found in favor of Kaman and against the University on the University's counterclaim for breach of contract. No damages were awarded to either party. The University has appealed the jury verdict to the Arizona Court of Appeals and management currently expects a decision from the court of appeals sometime during 2007.

On July 31, 2006, the company submitted an Offer to Purchase (OTP) to the U.S. Navy Air Systems Command (NAVAIR) and the General Services Administration to purchase the portion of the Bloomfield site that the company currently leases from NAVAIR and has operated for several decades for the principal purpose of performing U.S. government contracts. Currently, the OTP is valid through July 31, 2007 and is subject to negotiation of terms mutually acceptable to the company and the government that include, in consideration for the transfer of title, the company's assumption of responsibility for environmental remediation at the facility as necessary to meet the requirements of state law that will apply upon the transfer. As of the date of this report, the company is in discussions with the government regarding these terms and the company anticipates that the process may take several more months. Thereafter, upon completion of the government's final approval processes and requirements, the company anticipates that transfer of title to the property will occur. In preparation for this, the company is in discussions with the Connecticut Department of Environmental Protection (CTDEP) in order to define the scope of such remediation.

INDUSTRIAL DISTRIBUTION SEGMENT

The Industrial Distribution segment experienced record sales of $665.4 million for 2006 compared to $621.9 million in 2005, an increase of 7.0 percent. Calendar year 2006 was the third consecutive year of record sales for this segment. The increase in sales was primarily due to steady growth in all the regions and most of the markets in which the segment participates with the strongest performance related to continued strength in the mining, chemical and energy sectors in the West region. The Central and East regions generated steady growth throughout the year specifically in the food processing industry and the original equipment manufacturing (OEM) sectors.

In 2006, the segment experienced record operating income for the second consecutive year. The increase in operating income was primarily driven by the 7.0 percent increase in sales volume, which generated an additional $7.7 million of operating income. Further margin improvements as a result of a variety of margin control programs and higher rebate income for 2006 also contributed to the increase year over year. Higher personnel costs related to salary increases as well as additions to headcount due to branch openings and increased pension expense offset these improvements to some extent. The increase in operating income for 2005 was also largely driven by an increase in sales volume (6.9 percent), which resulted in an additional $8.3 million in operating income. Additionally, for both 2006 and 2005 favorable economic conditions, new national accounts and continued focus on operating efficiencies were factors in achieving these record results.

Because of the segment's diverse customer base, its performance tends to track the U.S. Industrial Production Index. We are therefore affected, to a large extent, by the overall business climate of our customer industries, which includes plant capacity utilization levels and the effect of pricing spikes or supply interruptions for basic commodities such as steel and oil. The Industrial Production Index remained stable during 2006 although there are signs of softening in various industries including the building and automotive industries. Global demand for basic materials such as scrap steel, coal, cement and copper continued to outpace supply in 2006, which resulted in longer lead times and impacted our ability to provide certain products to our customers.

In order to meet the demands of our customers, we need to stay focused on maintaining competitive pricing as well as provide value added services that save our customers money and time while helping them become more efficient and productive. Our strategy to accomplish this is through offering solutions for inventory management control procedures, process improvements, e-commerce capabilities and customer production enhancements. The segment's size and scale of operations also allows us to realize internal operating efficiencies as well as take strategic advantage of vendor incentives in the form of rebates. Management believes that we have the appropriate platforms, including technology, systems management and customer and supplier relationships, to compete effectively in our portion of the highly diversified industrial distribution industry. We are currently working to further improve our technology in order to continue to meet our customers’ growing needs. It is important that we have the appropriate qualified personnel to undertake these challenges and capitalize on opportunities and we continue to work at attracting and retaining well-qualified people.

Our business is one in which the three leading participants, including Kaman, are all adding market share due to both consolidation in the ranks of distributors and the inclination of the larger manufacturers to concentrate their purchases through national account arrangements. During 2006, the segment was awarded new business with two prestigious, nationally known companies. One of these new accounts is expected to become one of the segment's largest. The segment also succeeded in renewing all of its major agreements that were due to expire during the year.

In 2006, new branches were opened in Austin, Texas; Greenville, South Carolina; LaGrange, Georgia; and Topeka, Kansas. In 2007, we have plans for several more branches, partially as a result of the new accounts mentioned above, that will further expand our geographic footprint. We also continue to look for additional business opportunities in new markets, particularly the coal mining, oil exploration and petroleum production industries. Additionally, we continue to explore for potential acquisition candidates. Our long-term strategy is to grow the segment by expanding into additional areas that enhance our ability to compete for large regional and national customer accounts. By so doing, we will more clearly establish our business as one that can provide all levels of service to our customers who are continually focused on streamlining of purchasing operations and consolidation of supplier relationships.

MUSIC SEGMENT

Net sales for 2006 were $214.8 million, including $52.6 million from Musicorp, compared to $191.3 million in 2005, including $28.7 million from Musicorp. Excluding Musicorp sales for 2006, the segment's net sales would have remained relatively flat compared to prior year. During 2006, there was a general softening in the market primarily driven by depressed consumer spending.

Operating income for the Music segment decreased 11.2 percent for 2006 compared to 2005, in part due to the effect of the soft market on the overall business and in part due to costs associated with consolidating Musicorp into the segment. During 2006, the segment also experienced an increase in bad debt expense due to customer bankruptcies that occurred during the year.

2006 was a challenging year for most businesses that participate in the Music industry as it is strongly affected by consumer sentiment and, overall for the year, consumer confidence was down due to a variety of factors. These factors include higher gas prices, higher interest rates on housing and credit cards, higher credit card minimum payments, and a slowing in the housing market. These events have led to lower discretionary income and thus lower consumer spending. In addition, the trend of consolidation in the retail market continued as the large retail chains continued to grow and smaller retailers appeared to be losing market share to them. There also appears to be an emerging trend involving non-musical instrument retailers selling lower end musical products that has created additional competition in an already challenging industry and an increasing prevalence in use of the Internet to sell used musical instruments. These trends may have also had a negative effect on musical instrument retailer sales with the mid to smaller sized customers seeming to be the most affected. However, the recent bankruptcies by two of the segment’s national retailers appear to be an indicator that even the larger national retailers are at risk in this slow consumer spending market.

A principal strategy of the segment over the past several years has been to add popular premier branded products that can be brought to market exclusively by the segment to build upon our market position. During 2006, the segment converted our distribution agreement with Sabian Cymbals into an exclusive contract, expanding an important product offering to proprietary brand status and effective January 1, 2007, Elixir Strings selected the segment as its exclusive U.S. distributor. The added value that we bring as the largest independent distributor of musical instruments and accessories in the United States has allowed us to secure such arrangements.

2006 marked the first full year of Musicorp operations as part of the Music segment. Throughout the year, the segment made significant progress in its efforts to reduce redundant costs in order to maintain profitability. Management believes that the effect of these efforts will be more fully realized in 2007 and thereafter. The closing of the Dallas location, the final warehouse scheduled to be closed at this time, will occur in March 2007. The segment is now focused on cross selling its premier, proprietary products, including Sabian Cymbals and Elixir Strings, to the Musicorp customer base.

As discussed above, the continued industry trend toward consolidation in the retail market has led to growth in the very large retail chains. The concentration of sales to these large customers is increasing and this has led to increased pricing pressures. Management’s strategy has been to build upon its competitive advantages by creating and maintaining industry-leading distribution systems and the computerized business-to-business capabilities that large national retailers increasingly require. Although our national accounts are an important contributor to our sales volume, the segment also continues to support its traditional base of mid to small retailers. We currently offer a proprietary software system link to our inventories for our customer base of several thousand retailers ranging from the industry’s largest national chains to the smallest neighborhood music stores.

AVAILABLE INFORMATION

The company's website address is www.kaman.com. The company's annual report on Form 10-K, quarterly reports on Form 10-Q, proxy statements, and current reports on Form 8-K as well as amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, together with Section 16 insider beneficial stock ownership reports, are available free of charge through the website as soon as reasonably practicable after they are electronically filed or furnished to the Securities and Exchange Commission. The information contained in the company's website is not intended to be incorporated into this Annual Report on Form 10-K.

The Certificate of Incorporation, Bylaws, Governance Principles and all Board of Directors' standing Committee Charters (including Audit, Corporate Governance, Personnel & Compensation and Finance) are also located on the company's website in the Corporate - Corporate Governance section.

FINANCIAL INFORMATION

Information concerning each segment's performance for the last three fiscal years is included in the Segment Information section of the 2006 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and such section is incorporated herein by reference.

PRINCIPAL PRODUCTS AND SERVICES

Following is information for the three preceding fiscal years concerning the percentage contribution of each business segment's products and services to the company's consolidated net sales:

	Years Ended December 31		
	2004	2005	2006
Aerospace	25.4%	26.1%	27.0%
Industrial Distribution	58.5%	56.5%	55.2%
Music	16.1%	17.4%	17.8%
Total	100.0%	100.0%	100.0%

RESEARCH AND DEVELOPMENT EXPENDITURES

Aerospace segment government sponsored research expenditures (which are included in cost of sales) were $4.4 million in 2006, $7.0 million in 2005, and $5.9 million in 2004. Independent research and development expenditures (which are included in selling, general and administrative expenses) were $3.4 million in 2006, $2.7 million in 2005, and $4.0 million in 2004.

BACKLOG

Program backlog of the Aerospace segment was approximately $450.6 million as of December 31, 2006, $373.9 million at December 31, 2005, and $309.6 million at December 31, 2004.

The company anticipates that approximately 63% of its backlog at the end of 2006 will be performed in 2007. Approximately 53.2% of the backlog at the end of 2006 is related to U.S. Government contracts or subcontracts, which are included in backlog to the extent that the government orders are firm but not yet funded or contracts that are awarded but not yet signed. Virtually all of these government contracts or subcontracts have been signed.

GOVERNMENT CONTRACTS

During 2006, approximately 94% of the work performed by the company directly or indirectly for the U.S. government was performed on a fixed-price basis and the balance was performed on a cost-reimbursement basis. Under a fixed-price contract, the price paid to the contractor is negotiated at the outset of the contract and is not generally subject to adjustment to reflect the actual costs incurred by the contractor in the performance of the contract. Cost reimbursement contracts provide for the reimbursement of allowable costs and an additional negotiated fee.

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

COMPETITION

Overall, the Aerospace segment operates in a competitive environment with many other domestic and foreign organizations. The Aerospace segment is also affected by the political and economic circumstances of its potential foreign customers. The Aerostructures Division competes for aircraft structures and components business on the basis of price, product quality, and the division’s past performance. Competitors for this business also include small machine shops and offshore manufacturing facilities. The Fuzing Division competes for its business primarily on the basis of technical competence, product quality, price, its experience as a developer and manufacturer of such products for particular applications and the availability of facilities, equipment and personnel. The Helicopters Division competes on the basis of price, performance, its experience as a manufacturer of helicopters, the quality of its products and services, and the availability of facilities and equipment to perform subcontract services. Kamatics competes for its specialty aircraft bearing business based on quality and proprietary knowledge, product endurance, and special performance characteristics.

The Industrial Distribution segment competes for business with several other national distributors, two of which are substantially larger, and with many regional and local organizations. In addition, the segment competes with low-cost industrial products manufactured off shore and introduced into the U.S. market from a number of sources. Competitive forces have intensified due to the increasing importance of large national and North American accounts and the increasing consolidation in supplier relationships.

The Music segment competes with many domestic and foreign distributors and emerging trends involving non-musical instrument retailers selling lower end musical products as well as the increasing prevalence of Internet use to sell used musical instruments are also increasing competition. Certain musical instrument products manufactured by the segment are subject to competition from U.S. and foreign manufacturers as well. The segment competes in these markets on the basis of service, price, performance, and inventory variety and availability. The segment also competes on the basis of quality and market recognition of its music products and has established trademarks and trade names under which certain of its music products are produced (as well as under private label manufacturing in a number of foreign countries) and exclusive distribution agreements with other manufacturers of recognized trademarked products.

Please also refer to the discussion in Item 1A (Risk Factors).

FORWARD-LOOKING STATEMENTS

This report 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 resolution of the current contract dispute with the Commonwealth; 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) in the EODC/University of Arizona litigation, successful defeat of the University's appeal of the jury verdict in the company's favor; 8) satisfactory resolution of i) the company's dispute with the U.S. Army procurement agency relating to warranty work for the FMU-143 program and ii) the 2005 DCIS investigation of that program; 9) satisfactory results of negotiations with NAVAIR concerning purchase of the company's leased facility in Bloomfield, Conn.; 10) 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; 11) cost growth in connection with environmental remediation activities at the Moosup facility and such potential activities at the Bloomfield facility; 12) profitable integration of acquired businesses into the company's operations; 13) changes in supplier sales or vendor incentive policies; 14) the effect of price increases or decreases; 15) pension plan assumptions and future contributions; 16) future levels of indebtedness and capital expenditures; 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 report should be considered with these factors in mind. The company assumes no obligation to update any forward-looking statements contained in this report.

EMPLOYEES

As of December 31, 2006, the company employed 3,906 individuals throughout its business segments and corporate headquarters as follows:

Aerospace	1,735
Industrial Distribution	1,625
Music	504
Corporate Headquarters	42
Total	3,906

PATENTS AND TRADEMARKS

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

Although the company's patents and trademarks enhance its competitive position, management believes that none of such patents or trademarks is singularly or as a group essential to its business as a whole. The company holds or has applied for U.S. and foreign patents with expiration dates that range through the year 2026.

These patents are allocated among the company's business segments as follows:

Segment	U.S. PATENTS		FOREIGN PATENTS	
	Issued	Pending	Issued	Pending
Aerospace	34	4	8	4
Industrial Distribution	0	0	0	0
Music	26	0	45	16
Total	60	4	53	20

Registered trademarks of Kaman Corporation include Adamas, Applause, Hamer, KAflex, KAron, K-MAX, Magic Lantern, Musicorp, Ovation, LP, Genz Benz, Takamine and Latin Percussion. In all, the company maintains 353 U.S. and foreign trademarks with 35 applications pending, most of which relate to music products in the Music segment.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

The company is subject to the usual reviews, inspections and enforcement actions by various federal and state environmental and enforcement agencies and has entered into agreements and consent decrees at various times in connection with such reviews. In addition, the company engages in various environmental studies and investigations and, where legally required to do so, undertakes appropriate remedial actions at facilities owned or controlled by it, either voluntarily or in connection with the acquisition, disposal or operation of such facilities.

Such studies and investigations are ongoing at the company's Bloomfield, and Moosup, Conn. facilities with voluntary remediation activities also being undertaken at the Moosup facility. The company has cooperated with the U.S. Government in the environmental studies required to be undertaken by the Government in connection with the Government's proposed sale of its Bloomfield facility to the company, which is discussed above in Item 1 (Other Aerospace Segment Matters) and in Item 2 (Properties). As a result of such studies, the company is in the process of identifying various voluntary remediation activities that it would agree to undertake in connection with a completed purchase of the facility. These activities relate to items that may be required under Connecticut law upon a legal transfer of the property's ownership. Based upon its current knowledge, the company is unable to determine at this time the ultimate effect that resolution of this transaction may have upon the future financial condition of the company.

Also, in preparation for disposition of the Moosup facility, the company has sought and obtained the conditional approval of the CTDEP to a reclassification of the groundwater in the vicinity to be consistent with the industrial character of the area. The company has substantially completed work related to such ground water reclassification (including connection of certain neighboring properties to public drinking water) in coordination with CTDEP and local authorities. The company anticipates that the project will be completed in 2007.

With respect to all other matters which may currently be pending, in the opinion of management, based on the company's analysis of relevant facts and circumstances, compliance with relevant environmental protection laws is not likely to have a material adverse effect upon the company's capital expenditures, earnings or competitive position. In arriving at this conclusion, the company has taken into consideration site-specific information available regarding total costs of any work to be performed, and the extent of work previously performed. Where the company has been identified as a "potentially responsible party" (PRP) by environmental authorities at a particular site, the company, using information available to it, also has reviewed and considered a number of other factors, including: (i) the financial resources of other PRPs involved in each site, and their proportionate share of the total volume of waste at the site; (ii) the existence of insurance, if any, and the financial viability of the insurers; and (iii) the success others have had in receiving reimbursement for similar costs under similar insurance policies issued during the periods applicable to each site.

FOREIGN SALES

Of the company’s 2006 sales, 14.1 percent were made to customers located outside the United States. During 2006, the company continued its efforts to develop international markets for its products and foreign sales (including sales for export). The company also continued to perform work under contracts with the Commonwealth of Australia for the supply of retrofit SH-2G helicopters. Additional information required by this item is included in the Segment Information section of the company's 2006 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) which section is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our business, financial condition, operating results and cash flows can be impacted by a number of factors, including, but not limited to, those set forth below, any one of which could cause our actual results to vary materially from recent results or anticipated future results. For a discussion identifying additional risk factors and important factors that could cause actual results to differ materially from those anticipated, see the discussion in “Forward Looking Statements” in Item 1 of this Form 10-K and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Notes to Consolidated Financial Statements” in our 2006 Annual Report to Shareholders (Exhibit 13 to this Form 10-K).

Our financial performance is dependent on the conditions of the aerospace industry.

The Aerospace segment generated 27 percent of our revenues in 2006. The segment results are directly tied to the economic conditions in the commercial aviation and defense industries. The aviation industry tends to be cyclical, and capital spending by airlines and aircraft manufacturers may be influenced by a variety of factors including current and predicted traffic levels, aircraft fuel pricing, labor issues, competition, the retirement of older aircraft, regulatory changes, terrorism and related safety concerns, general economic conditions, worldwide airline profits and backlog levels. Additionally, a significant amount of work that we perform under contract tends to be for a few large customers.

Changes in economic conditions may cause customers to request that firm orders be rescheduled or canceled which could put a part of our backlog at risk.

Competition from domestic and foreign manufacturers may result in the loss of potential contracts and opportunities.

The defense industry is also affected by a changing global political environment, continued pressure on U.S. and global defense spending and U.S. foreign policy and the level of activity in military flight operations. Changes to the defense industry could have a material impact on several of our current aerospace programs, which would adversely affect our operating results.

Furthermore, because of the lengthy research and development cycle involved in bringing new products to market, we cannot predict the economic conditions that will exist when a new product is introduced. A reduction in capital spending in the aviation or defense industries could have a significant effect on the demand for our products, which could have an adverse effect on our financial performance or results of operations.

Estimates of future costs for long-term contracts impact our current operating results and profits.

For long-term contracts in the Aerospace segment, we generally recognize sales and income based on the percentage-of-completion method of accounting which allows for recognition of revenue as work on a contract progresses. We recognize sales and profit based upon either (1) the cost-to-cost method,in which profit is recorded based upon a ratio of costs incurred to estimated total costs to complete the contract, or (2) the units-of-delivery method, in which sales are recognized as deliveries are made and cost of sales is computed on the basis of the estimated ratio of total cost to total sales.

The percentage-of-completion method requires that we estimate future revenues and costs over the life of a contract. Revenues are estimated based upon the original contract price, with consideration being given to exercised contract options, change orders and in some cases projected customer requirements. Contract costs may be incurred over a period of several years, and the estimation of these costs requires significant judgment based upon the acquired knowledge and experience of program managers, engineers, and financial professionals. Estimated costs are based primarily on anticipated purchase contract terms, historical performance trends, business base and other economic projections. The complexity of certain programs as well as technical risks and the availability of materials and labor resources could affect the company’s ability to estimate future contract costs. Additional factors that could affect recognition of revenue under the percentage-of-completion method include:

- accounting for start-up costs
- the effect of non-recurring work
- delay in contract start-up
- transition of work from the customer or other vendors
- claims or unapproved change orders
- product warranty issues
- delay in completion of certain programs for which inventory has been built up
- accrual of contract losses

Because of the significance of the judgments and estimation processes, it is likely that materially different sales and profit amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may adversely affect future period financial performance.

We are continuing to work on the Australia SH-2G(A) program for the Royal Australian Navy but thus far have not delivered the first fully capable aircraft.

Since 1997, the company has been working on the production portion of the SH-2G(A) program for the Royal Australian Navy (RAN). This program involves the remanufacture of eleven helicopters with support, including a support services facility, for the RAN. The combined contracts have a current anticipated value of $762.6 million. The helicopter production portion of the program is valued at $612.7 million, essentially all of which has been recorded as sales through 2006. The associated in-service support center contract has a current anticipated value of $149.9 million of which 45 percent has been recorded as sales through the end of 2006.

During the year, the company made significant progress toward completion of the requirements of the 1997 production contract with the Commonwealth of Australia by performing FQT of the ITAS. During this time, the company also worked with the Commonwealth to resolve previously reported flight safety questions that resulted in grounding of the aircraft early in 2006 and management believes that the cause of the safety concern has been rectified. The Commonwealth also continued to develop additional work scope related to its aircraft certification requirements, which would involve development and testing of new software and hardware requirements for the automatic flight control system. The division has provided a proposal to perform the additional work, which could take up to approximately twenty-nine months.

Meanwhile, the company awaits the result of a previously reported review by the Commonwealth's Minister of Defence regarding the possibility of pursuing an alternative to the Kaman program. The company believes that its program is the most efficient and cost effective method to achieve the Royal Australian Navy's operational needs.

While these activities are ongoing, in January 2007, the Commonwealth also initiated the process that is provided for under the contract to resolve disputes (which would begin with discussions between the parties and could ultimately result in arbitration). The parties subsequently agreed to stop that process and mutually waive, for the present, the expiration of any statute of limitations periods that might be involved in the dispute. The Commonwealth's principal assertions are that the helicopters have not been delivered in a timely manner and the design of the helicopter, particularly the automatic flight control system, is inadequate from a safety perspective. Management believes that its obligations to the Commonwealth under the program are being performed and the design of the SH-2G(A) is safe and proper as demonstrated by the significant operational history of this aircraft type with several countries, including the United States. Management intends to continue its efforts to work with the Commonwealth to develop a satisfactory path forward to complete the SH-2G(A) program, which may include the additional work discussed above.

Our U.S. Government programs are subject to unique risks.

The company has several significant long-term contracts either directly with the U.S. government or where it is the ultimate customer, including the Sikorsky BLACK HAWK cockpit program, the JPF program, and the Boeing C-17 program. These contracts are subject to unique risks, some of which are beyond our control. Examples of such risks would include:

- *The U.S. Government may modify, curtail or terminate our contracts.* The U.S. Government may modify, curtail or terminate its contracts and subcontracts at its convenience without prior notice, upon payment for work done and commitments made at the time of termination. Modification, curtailment or termination of our major programs or contracts could have a material adverse effect on our future results of operations and financial condition.

- *Our U.S. Government business is subject to specific procurement regulations and other requirements.* These requirements, although customary in U.S. Government contracts, increase our performance and compliance costs. These costs might increase in the future, reducing our margins, which could have a negative effect on our financial condition. Failure to comply with these regulations and requirements could lead to suspension or debarment, for cause, from U.S. Government contracting or subcontracting for a period of time and could have a negative effect on our reputation and ability to procure other U.S. Government contracts in the future.

- *Our contract costs are subject to audits by U.S. Government agencies*. The costs we incur on our U.S. Government contracts, including allocated indirect costs, may be audited by U.S. Government representatives. These audits may result in adjustments to our contract costs. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and such costs already reimbursed must be refunded. We normally negotiate with the U.S. Government representatives before settling on final adjustments to our contract costs. We have recorded contract revenues based upon costs we expect to realize upon final audit. However, we do not know the outcome of any future audits and adjustments and we may be required to reduce our revenues or profits upon completion and final negotiation of these audits. If any audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the U.S. Government.

- *Our business is subject to potential U.S. Government inquiries and investigations.* We are from time to time subject to certain U.S. Government inquiries and investigations of our business practices due to our participation in government contracts. Such inquiry or investigation could have a material adverse effect on our results of operations and financial condition.

The price volatility and availability of raw material could increase our operating costs and adversely impact our profits.

We rely on foreign and domestic suppliers and commodity markets to secure raw materials used in many of the products we manufacture within the Aerospace segment or sell within our Industrial Distribution and Music segments. This exposes us to volatility in the prices and availability of raw materials. In some instances, we depend upon a single source of supply. A disruption in deliveries from our suppliers, price increases, or decreased availability of raw materials or commodities, could adversely affect our ability to meet our commitments to customers. This could also have an impact on our operating costs as well as our operating income. We try to base our supply management process on an appropriate balancing of the foreseeable risks and the costs of alternative practices. We also try to pass on increases in our costs but our ability to do so depends on contract terms and market conditions. Raising our prices could result in decreased sales volume, which could significantly reduce our profitability. All of these factors may have an adverse effect on our results of operations or financial condition.

We may make acquisitions or investments in new businesses, products or technologies that involve additional risks, which could disrupt our business or harm our financial condition or results of operations.

As part of our business strategy, we have made, and expect to continue to make, acquisitions of businesses or investments in companies that offer complementary products, services and technologies. Such acquisitions or investments involve a number of risks, including:

- Assimilating operations and products may be unexpectedly difficult;
- Management's attention may be diverted from other business concerns;
- The company may enter markets in which it has limited or no direct experience;
- The company may lose key employees of an acquired business; and
- The company may not realize the value of the acquired assets relative to the price paid.

These factors could have a material adverse effect on our business, financial condition and operating results. Consideration paid for any future acquisitions could include our stock or require that we incur additional debt and contingent liabilities. As a result, future acquisitions could cause dilution to existing shareholders and to earnings per share.

We rely on the experience and expertise of our skilled employees, and must continue to attract and retain qualified technical, marketing and managerial personnel in order to succeed.

Our future success will depend in large part upon our ability to attract and retain highly skilled technical, managerial and marketing personnel. There is significant competition for such personnel in the aerospace, industrial distribution, and music industries. We try to ensure that we offer competitive compensation and benefits as well as opportunities for continued growth. There can be no assurance that we will continue to be successful in attracting and retaining the personnel we require to develop new and enhanced products and to continue to grow and operate profitably.

We are subject to litigation that could adversely affect our operating results.

Our financial results may be affected by the outcome of legal proceedings and other contingencies that cannot be predicted. In accordance with generally accepted accounting principles, if a liability is deemed probable and reasonably estimable in light of the facts and circumstances known to us at a particular point in time, we will make an estimate of material loss contingencies and establish reserves based on our assessment. Subsequent developments in legal proceedings may affect our assessment. The estimates of the loss contingency recorded in our financial statements could adversely affect our results of operations in the period in which a liability would be recognized. This could also have an adverse impact on our cash flows in the period during which damages would be paid. As of December 31, 2006, the company does not have any loss contingency recorded, as we do not believe that we have met the criteria to establish such a liability for any pending matter.

Our revenue and quarterly results may fluctuate, which could adversely affect our stock price.

We have experienced, and may in the future experience, significant fluctuations in our quarterly operating results that may be caused by many factors. These factors include:

- changes in demand for our products;

- introduction, enhancement or announcement of products by us or our competitors;

- market acceptance of our new products;

- the growth rates of certain market segments in which we compete;

- size and timing of significant orders;

- budgeting cycles of customers;

- mix of distribution channels;

- mix of products and services sold;
- mix of international and North American revenues;
- fluctuations in currency exchange rates;
- changes in the level of operating expenses;
- changes in our sales incentive plans;
- inventory obsolescence;
- additional contract losses;
- completion or announcement of acquisitions by us or our competitors; and
- general economic conditions in regions in which we conduct business.

Most of our expenses are relatively fixed, including costs of personnel and facilities, and are not easily reduced. Thus, an unexpected reduction in our revenue, or failure to achieve the anticipated rate of growth, could have a material adverse effect on our profitability. If our operating results do not meet the expectations of investors, our stock price may decline.

Changes in global economic and political conditions could adversely affect our foreign operations and results of operations.

During 2006, foreign sales were 14.1 percent of our total revenues. If our customers' buying patterns, including decision-making processes, timing of expected deliveries and timing of new projects, unfavorably change due to economic or political conditions, there could be an adverse effect on our business. Other potential risks inherent in our foreign business include:

- longer payment cycles;
- greater difficulties in accounts receivable collection;
- unexpected changes in regulatory requirements;
- export restrictions, tariffs and other trade barriers;
- difficulties in staffing and managing foreign operations;
- seasonal reductions in business activity during the summer months in Europe and certain other parts of the world;
- economic instability in emerging markets;
- potentially adverse tax consequences; and
- cultural and legal differences in the conduct of business.

Any one or more of such factors could have a material adverse effect on our international operations, and, consequently, on our business, financial condition and operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The company owns or leases approximately 4,081 thousand square feet of space throughout the United States and in Australia, Canada, Germany, Mexico and Taiwan, distributed as follows:

SEGMENT	SQUARE FEET (in thousands as of 12/31/06)
Aerospace	1,817
Industrial Distribution	1,464
Music	760
Corporate Headquarters	40
Total	4,081

The Aerospace segment's principal facilities in the U.S. are located in Connecticut, Florida, and Kansas and its principal foreign locations are in Australia and Germany. These facilities are used for manufacturing, engineering and office purposes. The company occupies 133 thousand square feet of space in Wichita, Kansas under a lease agreement with a term scheduled to expire in March, 2015. The company also occupies a facility in Nowra, New South Wales, Australia under a contract expiring September 30, 2012. Approximately 500 thousand square feet of space listed above is attributable to the Aerospace segment facility located in Moosup, Connecticut, which was closed in 2003.

The U.S. Government owns 154 thousand square feet of the space occupied by Kaman Aerospace Corporation in Bloomfield, Connecticut in accordance with a Facilities Lease Agreement which is presently scheduled to expire on March 31, 2007. The company continues to work with NAVAIR and the General Services Administration toward arriving at an agreement for the company’s purchase of the facility. 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 under Connecticut law in the event of a sale of the property. The government has indicated its intention to grant a 180-day extension of the lease term as negotiations continue.

The Industrial Distribution segment's facilities are located throughout the United States with principal facilities located in Alabama, California, Connecticut, New York, Kentucky, Utah and Wisconsin. Additional Industrial Distribution segment facilities are located in Mexico and Ontario and British Columbia, Canada. These facilities consist principally of regional distribution centers, branches and office space.

The Music segment's principal facilities in the United States are located in Arizona, Connecticut, California, Kentucky, South Carolina, Tennessee and Texas. Additional Music facilities are located in Ontario, Canada and Taipei, Taiwan. These facilities consist principally of regional distribution centers and office space. Also included are facilities used for manufacturing music instruments.

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

The company's facilities are generally suitable for, and adequate to serve, their intended uses. Within the Aerospace segment, the above-referenced Moosup manufacturing facility was closed in 2003 and is awaiting disposition.

The company is a lessee of many of its facilities, particularly in the Industrial Distribution segment.

ITEM 3. LEGAL PROCEEDINGS

Certain legal proceedings which relate to specific segments of the company are discussed in the Item 1 (Business) narrative for such segments and other legal proceedings or enforcement actions relating to environmental matters, if any, are discussed in the section entitled Compliance with Environmental Protection Laws.

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

There were no matters submitted to a vote of security holders during the fourth quarter of 2006.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON STOCK

The company’s Common Stock is traded on the NASDAQ Global Market under the symbol "KAMN”.

HOLDERS OF COMMON STOCK

As of February 1, 2007, there were 4,439 registered holders of the company's Common Stock.

INVESTOR SERVICES PROGRAM

Holders of the company’s Common Stock are eligible to participate in the Mellon Investor Services Program administered by Mellon Bank, N.A. The program offers a variety of services including dividend reinvestment. A booklet describing the program may be obtained by contacting Mellon at (800) 227-0291 or via the web at www.melloninvestor.com.

QUARTERLY COMMON STOCK INFORMATION

	High	Low	Close	Dividend
2006				
First	$ 25.45	$ 18.91	$ 25.16	$ .125
Second	25.69	15.52	18.20	.125
Third	19.00	17.25	18.01	.125
Fourth	24.50	17.70	22.39	.125
2005				
First	$ 13.38	$ 10.95	$ 12.45	$ .11
Second*	18.17	11.54	18.04	.125
Third	24.48	17.47	20.45	.125
Fourth	23.95	17.10	19.69	.125

*On June 7, 2005, the company announced that it had entered into an agreement with certain members of the Kaman family (who at the time owned approximately 81% of the company’s Class B voting common stock) that contemplated a recapitalization that would eliminate the company’s then existing dual class stock structure (Class B voting common and Class A nonvoting common) and replace it with one class of voting stock for all its shareholders. The recapitalization was completed on November 3, 2005.

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

ISSUER PURCHASES OF EQUITY SECURITIES

(a) Sales of Equity Securities; Conversion of Convertible Debentures

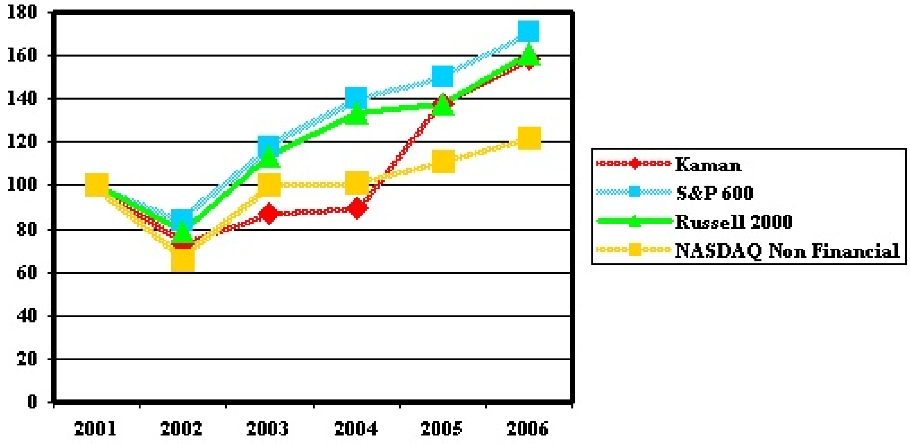
During the fourth quarter ended December 31, 2006, holders of the company’s 6% Convertible Subordinated Debentures Due 2012 converted a total of 25 such debentures into an aggregate of 1,070 shares of the company’s common stock. The company received no cash consideration for the issued shares which were issued pursuant to an exemption from registration under the Securities Act of 1933, as amended, contained in Section 3(a)(9) of such Act.

(b) In November 2000, the company's board of directors approved a replenishment of the company's stock repurchase program providing for repurchase of an aggregate of 1.4 million shares of Common Stock for use in administration of the company's stock plans and for general corporate purposes. The following table provides information about purchases of Common Stock by the company during the three months ended December 31, 2006:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares That May Yet Be Purchased Under the Plan
9/30/06-10/27/06	-	-	269,611	1,130,389
10/28/06-11/24/06	-	-	269,611	1,130,389
11/25/06-12/31/06	-	-	269,611	1,130,389

PERFORMANCE GRAPH

Following is a comparison of the company's total shareholder return for the period 2001 - 2006 compared to the S&P 600 Small Cap Index, the Russell 2000 Small Cap Index, and the NASDAQ Non-Financial Composite Index. The performance graph does not include a published industry or line-of-business index or peer group of similar issuers because the company is in three major distinct lines of business and does not believe a meaningful such index or peer group can be reasonably identified. Accordingly, as permitted by regulation, the graph includes the S&P 600 Small Cap Index, the Russell 2000 Small Cap Index, both of which are comprised of issuers with generally similar market capitalizations to that of the company, and the NASDAQ Non-Financial index calculated by the exchange on which company shares are traded.



	2001	2002	2003	2004	2005	2006
Kaman	100	73.3	87.2	89.6	137.8	158.3
S&P 600	100	83.7	117.4	140.5	149.8	170.8
Russell 2000	100	79.2	114.0	133.7	137.8	161.2
NASDAQ Non Financial	100	65.8	100.01	108.6	111.1	121.9

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is included in the Five-Year Selected Financial Data section of the company's 2006 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and that section is incorporated herein by reference.

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

Information required by this item is included in the Management's Discussion and Analysis section of the company's 2006 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and that section is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company has various market risk exposures that arise from our ongoing business operations. Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments. The company's financial results would be impacted by changes in interest rates, certain foreign currency exchange rates and commodity prices.

Interest Rates:

The company's primary exposure to interest rate risk relates to our financial instruments. These financial instruments include long-term debt obligations with fixed interest rates and revolving credit facilities with interest at current market rates. The level of fees and interest charged on revolving credit commitments and borrowings are based upon borrowing levels, market interest rates, and the company's credit rating.

The company's interest rate risk is derived primarily from our outstanding variable rate revolving credit facilities. The principal facility is a $150 million revolving credit agreement that expires August 4, 2010. This credit facility was recently increased to $200 million in January 2007. The other facilities, established for foreign operations, are comparatively insignificant in amount. Changes in market interest rates or the company's credit rating would impact the interest rates on these facilities. A change of one percentage point in the interest rate applicable to the company's $58.0 million of variable-rate credit facilities debt at December 31, 2006 would result in a fluctuation of approximately $0.6 million in the company's annual interest expense and thus pre-tax earnings.

Foreign Currency:

The company has manufacturing, sales, and distribution facilities in various locations throughout the world. As a result, the company makes investments and conducts business transactions denominated in foreign currencies, including the U.S. dollar, the European Euro, the Japanese yen, the Canadian dollar, the Mexican peso, the Taiwan dollar, and the Australian dollar. The company manages foreign currency exposures that are associated with committed foreign currency purchases and sales and other assets and liabilities created in the normal course of business at the subsidiary operations level. Sometimes the company may, through the use of forward contracts, hedge the price risk associated with committed and forecasted foreign denominated payments and rates. Historically the use of these forward contracts has been minimal. The company does not use derivatives for speculative or trading purposes.

Additionally the company maintains a euro note facility, which qualifies and has been designated as, an effective hedge against the investment in our German subsidiary. Throughout 2006, the euro has been stronger than the U.S. dollar, which has resulted in foreign currency gains for this subsidiary. The euro note has acted as an effective hedge against currency gains or losses.

Total foreign sales, including foreign export sales, averaged approximately $154.5 million over the last three years. More than half of our foreign sales are to Europe or Canada. Due to relatively small amount of foreign sales compared to total consolidated net sales, less than 15%, management believes that any near term changes in currency exchange rates would not have a material effect on the company's financial position.

Commodity Prices:

The company is exposed to volatility in the price of raw materials used in certain manufacturing operations as well as a variety of items procured for its distribution businesses. These raw materials include, but are not limited to, aluminum, titanium and other specialty metals. The company manages its exposure related to these price changes through strategic procurement and sales practices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item is included in the Consolidated Financial Statements, Notes to Consolidated Financial Statements and Selected Quarterly Financial Data sections of the company's 2006 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and such sections are incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. The company has carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the company’s disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of December 31, 2006, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports the company files and submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required.

(b) Internal Control Over Financial Reporting. The company’s management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the company’s internal control over financial reporting as of December 31, 2006.

In 2005, the company’s Music Segment acquired the business of Musicorp through an asset purchase. The company did not include Musicorp in its assessment of the effectiveness of the company's internal controls over financial reporting as of December 31, 2005. Musicorp's internal controls over financial reporting have been incorporated in the company's assessment of internal controls over financial reporting as of December 31, 2006. Musicorp's internal controls over financial reporting have been incorporated in a manner consistent with the company's other consolidated entities in the company's assessment of internal controls over financial reporting as of December 31, 2006.

In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control—Integrated Framework*. Management concluded that based on its assessment, the company’s internal control over financial reporting was effective as of December 31, 2006. Management’s assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included in Exhibit 13 to this Form 10-K.

(c) Changes in Internal Control Over Financial Reporting. Management of the company has evaluated, with the participation of the company’s Chief Executive Officer and Chief Financial Officer, changes in the company’s internal controls over financial reporting during 2006.

During the fourth quarter ended December 31, 2006, management made changes to the internal controls over financial reporting that were improvements to the internal controls. These changes did not have a material effect, nor are they reasonably likely to have a material effect, on our internal controls over financial reporting.

(d) Inherent Limitations of Disclosure Controls and Procedures and Inherent Control over Financial Reporting. The company's evaluation described in this item was undertaken acknowledging that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All information under this caption, except for the list of executive officers of the company set forth below, may be found in the company's proxy statement to be delivered to stockholders in connection with the Annual Meeting of Shareholders to be held on April 17, 2007 (the "Proxy Statement") and such information is incorporated in this report by reference.

Executive Officers

The company's executive officers as of the date of this report are as follows:

T. Jack Cahill	Mr. Cahill, 58, has been President of Kaman Industrial Technologies Corporation, a subsidiary of the company, since 1993. He has held various positions with the company since 1975.
Candace A. Clark	Ms. Clark, 52, has been Senior Vice President, Chief Legal Officer and Secretary since 1996. Ms. Clark has held various positions with the company since 1985.
Ronald M. Galla	Mr. Galla, 55, has been Senior Vice President and Chief Information Officer since 1995. Mr. Galla has been director of the company's Management Information Systems since 1984.
Robert M. Garneau	Mr. Garneau, 62, has been Executive Vice President and Chief Financial Officer since 1995. Mr. Garneau has held various positions with the company since 1981.
Russell H. Jones	Mr. Jones, 62, has been Senior Vice President, Chief Investment Officer, and Treasurer since 2003. Prior to that he served as Vice President and Treasurer. He has held various positions with the company since 1973.
John C. Kornegay	Dr. Kornegay, 57, has been President of Kamatics Corporation, a subsidiary of the company, since 1999. He has held various positions with Kamatics Corporation since 1988.
Paul R. Kuhn	Mr. Kuhn, 65, has been a Director since 1999. He has been President and Chief Executive Officer of the company since August 1999 and was appointed to the additional position of Chairman in 2001.
Robert H. Saunders, Jr.	Mr. Saunders, 65, has been President of Kaman Music Corporation, a subsidiary of the company, since 1998. He has held various positions with the company since 1995.

Each executive officer holds office for a term of one year and until his or her successor is duly appointed and qualified, in accordance with the company's Bylaws.

ITEM 11. EXECUTIVE COMPENSATION

The information under this caption in the Proxy Statement is incorporated in this report by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under this caption in the Proxy Statement is incorporated in this report by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under this caption in the Proxy Statement is incorporated in this report by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information under this caption in the Proxy Statement is incorporated in this report by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) FINANCIAL STATEMENTS.
See Item 8 concerning financial statements appearing as Exhibit 13 to this Form 10-K.

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

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Bloomfield, State of Connecticut, on this 1st day of March 2007.

KAMAN CORPORATION
(Registrant)

By: /s/ Paul R. Kuhn
Paul R. Kuhn
Chairman, President and
Chief Executive Officer

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

Signature	Title:	Date:
/s/ Paul R. Kuhn Paul R. Kuhn	Chairman, President and Chief Executive Officer	March 1, 2007
/s/ Robert M. Garneau Robert M. Garneau	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2007
/s/ Paul R. Kuhn Paul R. Kuhn Attorney-in-Fact for:		March 1, 2007
Robert Alvine	Director	
Brian E. Barents	Director	
E. Reeves Callaway III	Director	
John A. DiBiaggio	Director	
Karen M. Garrison	Director	
Edwin A. Huston	Director	
Eileen S. Kraus	Director	
Richard J. Swift	Director	

KAMAN CORPORATION AND SUBSIDIARIES

Index to Financial Statement Schedules

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Kaman Corporation:

Under date of March 1, 2007, we reported on the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2006, management’s assessment of the effectiveness of internal controls over financial reporting as of December 31, 2006 and the effectiveness of internal controls over financial reporting as of December 31, 2006 as contained in the 2006 annual report on Form 10-K. Our report dated March 1, 2007 contains an explanatory paragraph that states that the Company changed its method of accounting for share-based payments and defined benefit plans as of January 1, 2006 and December 31, 2006, respectively. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. The financial statement schedule is the responsibility of the company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

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

/s/ KPMG LLP

Hartford, Connecticut
March 1, 2007

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

YEAR ENDED DECEMBER 31, 2006

DESCRIPTION	BALANCE JANUARY 1, 2006	Additions: CHARGED TO COSTS AND EXPENSES	Additions: OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 2006
Allowance for doubtful accounts	$ 3,400	$ 925	$ -	$ 972 (A)	$ 3,353

YEAR ENDED DECEMBER 31, 2005

DESCRIPTION	BALANCE JANUARY 1, 2005	Additions: CHARGED TO COSTS AND EXPENSES	Additions: OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 2005
Allowance for doubtful accounts	$ 5,520	$ (1,226)	$ 167 (B)	$ 1,061 (A)	$ 3,400

YEAR ENDED DECEMBER 31, 2004

DESCRIPTION	BALANCE JANUARY 1, 2004	Additions: CHARGED TO COSTS AND EXPENSES	Additions: OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 2004
Allowance for doubtful accounts	$ 3,340	$ 3,768	-	$ 1,588 (A)	$ 5,520

(A) Write-off of bad debts, net of recoveries.

(B) Additions to allowance for doubtful accounts attributable to acquisitions.

(Dollars in Thousands)

YEAR ENDED DECEMBER 31, 2006

DESCRIPTION	BALANCE JANUARY 1, 2006	Additions: CURRENT YEAR PROVISION (BENEFIT)	Additions: OTHERS	BALANCE DECEMBER 31, 2004
Valuation allowance on deferred tax assets	$ 2,883	$ 880	$ (23)	$ 3,740

YEAR ENDED DECEMBER 31, 2005

DESCRIPTION	BALANCE JANUARY 1, 2005	Additions: CURRENT YEAR PROVISION (BENEFIT)	Additions: OTHERS	BALANCE DECEMBER 31, 2005
Valuation allowance on deferred tax assets	$ 2,163	$ 786	$ (66)	$ 2,883

YEAR ENDED DECEMBER 31, 2004

DESCRIPTION	BALANCE JANUARY 1, 2004	Additions: CURRENT YEAR PROVISION (BENEFIT)	Additions: OTHERS	BALANCE DECEMBER 31, 2004
Valuation allowance on deferred tax assets	$ 2,005	$ 109	$ 49	$ 2,163

KAMAN CORPORATION

INDEX TO EXHIBITS

Exhibit 3a	The Amended and Restated Certificate of Incorporation of the company, was filed as Exhibit 3.1 to Form 8-K on November 4, 2005, Document No. 0001341004-05-000188.	by reference
Exhibit 3b	The Amended and Restated Bylaws of the company were filed as Exhibit 3.2 to Form 8-K on November 4, 2005, Document No. 0001341004-05-000188.	by reference
Exhibit 4a	Indenture between the company and Manufacturers Hanover Trust Company, as Indenture Trustee, with respect to the company's 6% Convertible Subordinated Debentures was filed as Exhibit 4.1 to Registration Statement No. 33 11599 on Form S-2 filed with the Securities and Exchange Commission on January 29, 1987.	by reference
Exhibit 4b	Revolving Credit Agreement between the company and The Bank of Nova Scotia and Fleet National Bank as Co-Administrative Agents and Bank One, N.A. as the Documentation Agent and The Bank of Nova Scotia and Fleet Securities, Inc. as the Co-Lead Arrangers and Various Financial Institutions dated as of August 5, 2005 was filed as Exhibit 1 to Form 8-K with the Securities and Exchange Commission on August 8, 2005, Document No. 0000054381-05-000051, and Amendment No. 1 dated January 31, 2007 was filed as Exhibit 1 to Form 8-K on January 31, 2007, Document No. 0000054381-07-000006.	by reference
Exhibit 4c	Credit Agreement between the company, RWG Frankenjura-Industrie Flugwerklager GmbH, and Wachovia Bank, N.A., dated July 29, 2002 was filed as Exhibit 4c to Form 10-K filed with the Securities and Exchange Commission on March 26, 2003, Document No. 0000054381-03-000079. Amendments to the Agreement were filed as Exhibit 4.2 to Form 10-Q with the Securities and Exchange Commission on November 5, 2003, Document No. 0000054381-03-000124, Exhibit 4b to Form 8-K filed with the Securities and Exchange Commission on October 21, 2004, Document No. 0000054381-04-000070. Schedules and Exhibits to the Credit Agreement, which are listed in its Table of Contents, are omitted but will be provided to the Commission upon request.	by reference
Exhibit 10a	The Kaman Corporation 2003 Stock Incentive Plan effective November 1, 2003, as amended effective February 17, 2004, was filed as Exhibit 10a to Form 10-K on March 5, 2004, Document No. 0000054381-04-000032.	by reference
Exhibit 10b	The Kaman Corporation Employees Stock Purchase Plan as amended effective November 18, 1997 was filed as Exhibit 10b to Form 10-K on March 16, 1998, Document No. 0000054381-98-09.	by reference
Exhibit 10c	The Kaman Corporation Supplemental Employees' Retirement Plan was filed as Exhibit 10c to Form 10-K on March 15, 2001, Document No. 0000054381-02-000005, and the Plan as amended was filed as Exhibit 10c to Form 10-K on March 5, 2004, Document No. 0000054381-04-000032 and as Exhibit 10.10 to Form 8-K on February 26, 2007, Document No. 0000054381-07-000015.	by reference
Exhibit 10c(i)	The Post-2004 Supplemental Employees' Retirement Plan was filed as Exhibit 10.11 to Form 8-K on February 26, 2007, Document No. 000054381-07-000015.	by reference
Exhibit 10d	The Kaman Corporation Amended and Restated Deferred Compensation Plan (Effective as of November 12, 2002, except where otherwise indicated) was filed as Exhibit 10d to Form 10-K, Document No. 0000054381-03-000079, filed with the Securities and Exchange Commission on March 26, 2003. Amendments to the Plan were filed as Exhibit 10d to Form 10-K, Document No. 0000054381-04-000032, filed with the Securities and Exchange Commission on March 5, 2004, and Exhibit 10(a) on Form 10-Q, Document No. 0000054381-04-000059, filed with the Securities and Exchange Commission on August 3, 2004.	by reference
Exhibit 10e(i)	Kaman Corporation Cash Bonus Plan (Amended and Restated Effective as of January 1, 2002) and First Amendment thereto were filed as Exhibit 10e to Form 10-K, Document No. 0000054381-02-000005, filed with the Securities and Exchange Commission on March 14, 2002. Amendments to the Plan were filed as Exhibit 10e(ii) to Form 10-K, Document No. 0000054381-03-000079, with the Securities and Exchange Commission on March 26, 2003 and Exhibit 10(b) to Form 10-Q, Document No. 0000054381-04-000059, filed with the Securities and Exchange Commission on August 3, 2004.	by reference
Exhibit 10g (i)	Amendment No. 1 to Employment Agreement between Paul R. Kuhn and Kaman Corporation, dated as of January 1, 2007, was filed as Exhibit 10.1 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g(iv)	Executive Employment Agreement between Candace A. Clark and Kaman Corporation, dated as of January 1, 2007, was filed as Exhibit 10.3 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (v)	Executive Employment Agreement between Ronald M. Galla and Kaman Corporation, dated as of January 1, 2007.	attached

Exhibit 10g (vi)	Executive Employment Agreement between Robert M. Garneau and Kaman Corporation, dated as of January 1, 2007, was filed as Exhibit 10.2 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (vii)	Executive Employment Agreement between T. Jack Cahill and Kaman Industrial Technologies Corporation, dated as of January 1, 2007, was filed as Exhibit 10.4 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (ix)	Executive Employment Agreement between Robert H. Saunders, Jr. and Kaman Music Corporation, dated as of January 1, 2007, was filed as Exhibit 10.5 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (x)	Amended and Restated Change in Control Agreement between Candace A. Clark and Kaman Corporation, dated as of January 1, 2007, was filed as Exhibit 10.7 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (xi)	Amended and Restated Change in Control Agreement between Ronald M. Galla and Kaman Corporation, dated as of January 1, 2007.	attached
Exhibit 10g (xii)	Amended and Restated Change in Control Agreement between Robert M. Garneau and Kaman Corporation, dated as of January 1, 2007, was filed as Exhibit 10.6 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (xiii)	Amended and Restated Change in Control Agreement between T. Jack Cahill and Kaman Industrial Technologies Corporation, dated as of January 1, 2007, was filed as Exhibit 10.8 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (xv)	Amended and Restated Change in Control Agreement between Robert H. Saunders, Jr. and Kaman Music Corporation, dated as of January 1, 2007, was filed as Exhibit 10.9 to Form 8-K, Document No. 0000054381-07-000015, on February 26, 2007.	by reference
Exhibit 10g (xvi)	Executive Employment Agreement between Russell H. Jones and Kaman Corporation, dated as of January 1, 2007.	attached
Exhibit 10g (xvii)	Amended and Restated Change in Control Agreement between Russell H. Jones and Kaman Corporation, dated as of January 1, 2007	attached
Exhibit 10h (i)	Form of Incentive Stock Option Agreement under the Kaman Corporation 2003 Stock Incentive Plan.	attached
Exhibit 10h (ii)	Form of Non-Statutory Stock Option Agreement under the Kaman Corporation 2003 Stock Incentive Plan was filed as Exhibit 10h(ii) to Form 10-K, Document No. 0000054381-05-000024, on March 16, 2005.	by reference
Exhibit 10h (iii)	Form of Stock Appreciation Rights Agreement under the Kaman Corporation 2003 Stock Incentive Plan was filed as Exhibit 10h(iii) to Form 10-K, Document No. 0000054381-05-000024, on March 16, 2005.	by reference
Exhibit 10h (iv)	Form of Restricted Stock Agreement under the Kaman Corporation 2003 Stock Incentive Plan was filed as Exhibit 10h(iv) to Form 10-K, Document No. 0000054381-06-000036, on February 27, 2006.	by reference
Exhibit 10h(v)	Form of Long Term Performance Award Agreement (Under the Kaman Corporation 2003 Stock Incentive Plan) was filed as Exhibit 10.2 to Form 8-K filed on November 10, 2005, Document No. 0000054381-05-000090.	by reference
Exhibit 10h(vi)	Deferred Compensation Agreement between Kaman Corporation and John A. DiBiaggio dated June 26, 1984 and First Amendment dated July 3, 1991 was filed as Exhibit 10h(vi) to Form 10-K, Document No. 0000054381-06-000036, on February 27, 2006.	by reference
Exhibit 10h(vii)	Deferred Compensation Agreement between Kaman Corporation and Eileen S. Kraus dated August 8, 1995 and First Amendment dated December 8, 2005 was filed as Exhibit 10h(vii) to Form 10-K, Document No. 0000054381-06-000036, on February 27, 2006.	by reference
Exhibit 10h(viii)	Deferred Compensation Agreement between Kaman Corporation and Robert Alvine dated December 16, 2006.	attached
Exhibit 13	Portions of the company's 2006 Annual Report to Shareholders as required by Items 6, 7, and 8.	attached
Exhibit 14	Kaman Corporation Code of Business Conduct was filed as Exhibit 10.2 to Form 8-K, Document No. 0000054381-06-000104, on November 13, 2006.	by reference
Exhibit 21	List of Subsidiaries	attached

Exhibit 23	Consent of Independent Registered Public Accounting Firm	attached
Exhibit 24	Power of attorney under which this report was signed on behalf of certain directors.	attached
Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934.	attached
Exhibit 31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934.	attached
Exhibit 32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	attached
Exhibit 32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	attached

Exhibit 10g(v)

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the “Agreement”) is effective as of January 1, 2007 (the “Effective Date”) between Kaman Corporation, a Connecticut corporation (the “Company”), and Ronald M. Galla (the “Executive”).

W I T N E S S E T H:

WHEREAS, the Executive is currently employed as the Senior Vice President and Chief Information Officer 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 an initial term commencing on the Effective Date and shall end on the third anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the initial term of this Agreement or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall terminate upon its expiration date. The initial term of this Agreement, as it may be extended from year to year thereafter, is herein referred to as the “Employment Term.” In all events hereunder, Executive’s employment is subject to earlier termination pursuant to Section 7 hereof, and upon such earlier termination the Employment Term shall be deemed to have ended.

2. POSITION & DUTIES.

(a) The Executive shall serve as the Company’s Senior Vice President and Chief Information Officer under this Agreement during the Employment Term. As Senior Vice President and Chief Information 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 positions as Senior Vice President and Chief Information Officer.

(b) During the Employment Term, the Executive shall use the Executive's best reasonable efforts to perform faithfully and efficiently the duties and responsibilities assigned to the Executive hereunder (including applicable obligations under state law) 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.

(c) 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.

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 $282,000 (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 short- and long-term incentive compensation plans and programs for the Company's senior executives at a level commensurate with the Executive's position during the Employment Term. 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 45% of Base Salary as an initial target bonus opportunity as described in the terms of the Company's annual bonus plan as then in effect. Except as provided under Section 8 of the Agreement, the Executive shall receive payments with respect to the plans and programs described in this Section 4 in accordance with the terms of such plans and programs.

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 Company's stock ownership guidelines (unless waived by the Compensation Committee) and the Company's reasonable policies regarding forfeitures of cash and equity incentive awards due to material financial restatements due to executive misconduct, as may be in effect from time to time, it being agreed that any such policies shall only be effective with respect to awards made on or after the Effective Date. If there is a Change in Control (as defined in the Kaman Corporation 2003 Stock Incentive Plan in effect on the date hereof), all then outstanding unvested equity awards granted to the Executive (for example, stock options, stock appreciation rights and restricted stock), whether under this Agreement or otherwise, will fully vest and become non-forfeitable and remain exercisable in accordance with the terms of the applicable Company plans.

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.

(b) VACATION. The Executive shall be entitled to at least 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 according to the Company's vacation policy.

(c) AUTOMOBILE. The Company shall provide the Executive with a leased automobile as approved by the Committee as per the Company’s perquisites policy from time to time.

(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 the Executive’s 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 the Executive’s 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 each case which is in the course of the Executive’s employment and materially injurious to the Company, or (C) willfully violated a material requirement of the Company’s code of conduct or the Executive’s 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 foregoing, 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.

(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 positions of Senior Vice President and Chief Information Officer (other than for Cause);

(2) a reduction of the Executive’s Base Salary, annual initial target bonus opportunity or modified bonus opportunity to the extent the modification to the initial target bonus opportunity is adverse to the Executive relative to the modification made to the initial target bonus opportunity of other senior officers of the Executive’s business unit;

(3) a failure to pay the Executive’s compensation or benefits provided or referred to under this Agreement;

(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; or

(5) the assignment of duties to the Executive that are materially inconsistent with the Executive’s positions as Senior Vice President and Chief Information Officer.

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"; provided that if such leave is unpaid and either the Executive returns to full-time employment under this Agreement or it is subsequently determined the Executive's employment is to be terminated without Cause, then the compensation and benefits that would have been payable during such leave will be paid as soon as reasonably practicable with interest at the prime rate beginning as of the date such leave commenced plus 100 basis points; (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 the Executive's actual knowledge of the event, and (iii) prospective changes to employee benefits (as defined in Section 6) for future employment made on an across-the-board basis to all similarly situated executives of the Company and its subsidiaries 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 at least the attainment of age 65 (the "Retirement Eligibility Date"). Nothing herein shall be construed as limiting the Executive's right, if any, to terminate employment prior to the Retirement Eligibility Date and receive compensation and benefits, as applicable, provided under the respective terms of the Company's benefit plans.

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 including but not limited to the Change in Control Agreement. 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 or other short-term and long-term incentive compensation as described in Section 4 above earned with respect to any completed fiscal year; (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 pension, retirement and 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 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).

(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).

(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 financial 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 two times the sum of (i) the Executive's 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), 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. Notwithstanding the foregoing, if the Executive terminates employment within two years of his Retirement Eligibility Date, the lump sum amount described in the immediately preceding sentence shall be reduced by multiplying it by a fraction, the numerator of which is the number of days from the Executive's employment termination date until the Retirement Eligibility Date, and the denominator of which is 730;

(4) each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination 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) subject to the Executive’s continued co-payment of premiums, if required under Company policy, continued participation for 24 months but in no event later than the Retirement Eligibility Date 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”); and

(7) the Company shall continue to pay all premiums on the life insurance coverage issued to the Executive for 24 months but in no event later than the Retirement Eligibility Date.

(e) RETIREMENT. If the Executive terminates employment on or following the Executive’s Retirement Eligibility 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 financial 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) each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination shall be deemed fully vested and fully earned and then shall be cancelled in exchange for a cash payment within 10 business days after the date of the Executive's retirement with 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) 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

(5) the Executive shall be considered to have “retired” on the Executive’s date of termination of employment with the Company on or following the Executive’s Retirement Eligibility Date for purposes of any plans, programs, agreements or arrangements with the Company or its affiliates.

(f) ACCELERATION OF EQUITY AWARDS

If 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 (for example, stock options, stock appreciation rights and restricted stock), whether under this Agreement or otherwise, will fully vest and become non-forfeitable and remain exercisable in accordance with the terms of the applicable Company plans.

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

Notwithstanding anything to the contrary set forth in this Agreement, if the Executive’s employment with the Company is terminated under circumstances that result in the payment of “Severance Payments” under the Executive’s Change in Control Agreement, the Severance Payments under the Executive’s Change in Control Agreement shall be in lieu of any severance benefits otherwise payable to the Executive under this Section 8.

9. CONDITIONS. Any payments or benefits made or provided pursuant to Section 8 (other than Accrued Amounts) are subject to the Executive’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.

For purposes of any payments or benefits provided under Section 8 (other than Accrued Amounts) to an Executive’s beneficiary or estate, the beneficiary or estate shall comply with the provisions of Section 9(b) and Section 11(e).

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 ten (10) 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 in accordance with Section 20 hereof). 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 of employment 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 the Executive's death, or, if no such beneficiary was designated (or the Company is unable in good faith to determine the beneficiary designated), to the Executive's personal representative or estate.

10. SECTION 4999 EXCISE TAX. The Company shall provide the Executive with a "Gross-Up Payment", as defined in the Change in Control Agreement between the Company and the Executive effective as of January 1, 2007, in the event that any payment made under this Agreement is subject to excise tax under Section 4999 of the Code and the Change in Control Agreement does not apply to such payment.

11. POST-EMPLOYMENT OBLIGATIONS

(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. In the event that the Executive receives severance benefits under Section 8(d) of this Agreement, the Executive agrees that for the two (2) year period following the date of termination 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 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). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 11(b).

(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 will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives severance benefits under Section 8(d) of this Agreement, the Executive agrees that for a period of two (2) years following the date of termination, but not later than the Executive's Retirement Eligibility Date, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.

(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 otherwise 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, 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) or otherwise as required by law 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, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and 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 which arise out of the Executive’s employment with the Company, or relate to any matters directly pertaining to, the business 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. 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 in writing 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. Except as provided in the last sentence of Section 15 hereof, 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 (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. It is specifically acknowledged by the Company that this Agreement does not supersede the Change in Control Agreement or any existing employee benefits as described in Section 6 above or otherwise provided by the Company or its affiliates.

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 including, if necessary, the deferral of any amount payable hereunder upon separation from service to the first date such amount may be paid without incurring tax under Section 409A of the Code, in which case such payment shall bear interest at the applicable federal rate under Section 1274 of the Code. 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 5 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.

25. 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.

	KAMAN CORPORATION
By:	/s/ Paul R. Kuhn
	PAUL R. KUHN
Its:	**PRESIDENT AND CHIEF EXECUTIVE OFFICER**
Date:	2/20/07
	RONALD M. GALLA
	/s/ Ronald M. Galla
Date:	2-19-07

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 Ronald M. Galla (“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 positions as Senior Vice President and Chief Information Officer of Employer and will not be eligible for any benefits or compensation after ________, including payments under the Executive’s Change in Control Agreement, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive effective as of January 1, 2007 (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 seven (7) 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 Chief Legal Officer, 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 seven (7) 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. Subject to the full satisfaction by the Employer of its obligations under the Employment Agreement, 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 Amounts (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. In accordance with Section 11(f) of the Employment Agreement, 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 and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. Employee represents that Executive has complied with Section 11(e) of the Employee Agreement regarding the return of property.

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:

KAMAN CORPORATION

By: ______________________________

Name: **[NAME]**
Title: ______________________________
Date: ______________________________

RONALD M. GALLA

____

Date: ______________________________

Exhibit 10g(xi)

KAMAN CORPORATION
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, is made effective as of January 1, 2007 (the “Effective Date”), by and between Kaman Corporation, a Connecticut corporation (the “Company”), and Ronald M. Galla (the “Executive”).

WHEREAS, the Company and the Executive are parties to the Kaman Corporation Change in Control Agreement dated as of September 21, 1999, as amended by an Addendum to Change in Control Agreement dated as of September 11, 2001, and a Second Addendum to Change in Control Agreement dated as of November 11, 2003 (the "Prior Agreement"); and

WHEREAS, the Company and the Executive have agreed to replace and supersede the Prior Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. Definitions of capitalized terms used in this Agreement are provided in the last Section of this Agreement.

2. Term. This Agreement shall terminate on the fifth anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the fourth anniversary of the Effective Date or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall expire at the end of the then-current term. Notwithstanding any such notice, the term of this Agreement shall not expire before the second anniversary of a Change in Control that occurs within the term of this Agreement. The initial term of this Agreement, as it may be extended under this Section 2, is herein referred to as the "Term."

3. Company’s Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive’s continued employment, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described in this Agreement. Except as provided in Sections 5.1 and 8.1 of this Agreement, no Severance Payments (as defined in Section 5) shall be payable under this Agreement unless there shall have been a termination of the Executive’s employment with the Company following a Change in Control. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. <u>Compensation Other Than Severance Payments</u>.

4.1 If the Executive’s employment shall be terminated for any reason following a Change in Control, the Company shall pay the Executive’s full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if Section 18(n)(II) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company’s compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination (or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason). In addition, if the Executive’s employment is terminated for any reason following a Change in Control other than (a) by the Company for Cause and (b) by the Executive without Good Reason, then the Company shall pay a pro-rata portion of the Executive’s annual bonus for the performance year in which such termination occurs to the Executive at the time that annual bonuses are paid to other senior executives. This pro-rata bonus shall be determined by multiplying the amount the Executive would have received based upon actual financial performance through such termination, as reasonably determined by the Company, by a fraction, the numerator of which is the number of days during such performance year that the Executive is employed by the Company and the denominator of which is 365.

4.2 If the Executive’s employment shall be terminated for any reason following a Change in Control, the Company shall pay to the Executive the Executive’s normal post-termination compensation and benefits as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company’s retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

5. <u>Severance Payments.</u>

5.1 If the Executive’s employment is terminated during the twenty-four (24) month period immediately following a Change in Control, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits described in this Section 5 (collectively, the “Severance Payments”) in addition to any payments and benefits to which the Executive is entitled under Section 4 of this Agreement. The Executive shall also be entitled to Severance Payments under this Agreement if the Executive’s employment is terminated without Cause by the Company or by the Executive for Good Reason at any time beginning on the first day of the 90 day period immediately prior to the execution of a definitive purchase and sale agreement that results in such Change in Control and the closing of such Change in Control.

(a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(II) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.

(b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and disability benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason.

(c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Company stock subject to the stock appreciation right or stock option on the date of the Change in Control, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all long-term performance awards shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award.

(d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the “Pension Plans”) or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional two years of “Credited Service” and “Continuous Service” (as defined in the Kaman Corporation Amended and Restated Employees’ Pension Plan) when calculating the Executive’s benefit under Kaman Corporation Supplemental Employees Retirement Plan (“SERP”). For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive's Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) for purposes of calculating the benefits payable under the SERP or this Section 5.1(d).

(e) If the Executive would have become entitled to benefits under the Company’s post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive’s employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive’s dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.

(f) The Company (i) shall establish an irrevocable grantor trust holding an amount of assets sufficient to pay all remaining premiums (which trust shall be required to pay such premiums), under any insurance policy maintained by the Company insuring the life of the Executive, that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive.

(g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars ($30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive’s first day of employment with a new employer.

(h) The Company shall provide the Executive with his Company automobile. The book value then attributed to it by the leasing company will be considered “fringe benefit” income and that amount will be subject to tax during the calendar year in which the Date of Termination occurs.

5.2 Section 4999 Excise Tax.

(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 with any person affiliated with the Company and whether or not the Executive's employment has then terminated (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 5.2(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 5.2 are set forth in Appendix A attached hereto. For purposes of making the determinations and calculations required herein, the Consultant may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Consultant 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.

5.3 The Company also shall reimburse the Executive for legal fees and expenses incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments shall be made within ten (10) business days after delivery of the Executive's written request for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

5.4 The payments provided in subsections (a) and (c) of Section 5.1 shall be made on the last day of the Executive's employment. The payments provided in Section 5.2 of this Agreement, if any, as determined under Appendix A, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Consultant's determination of the Gross-Up Payment. If payments are not made in the time frame required by this subsection, interest on the unpaid amounts will accrue at 120% of the rate provided in Section 1274(b)(2)(B) of the Code until the date such payments are actually made. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from the Consultant or other advisors (and any such opinions or advice which are in writing shall be attached to the statement).

5.5 Coordination with Employment Agreement.

Severance Payments made under this Section 5 shall be in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise.

6. Termination Procedures and Compensation During Dispute.

6.1 Notice of Termination. After a Change in Control, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 9 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

6.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

6.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 6.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

6.4 Compensation During Dispute. If a purported termination occurs following a Change in Control and the Date of Termination is extended in accordance with Section 6.3 of this Agreement, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 6.3 of this Agreement. Amounts paid under this Section 6.4 are in addition to all other amounts due under this Agreement (other than those due under Section 4.1 of this Agreement) and shall not be offset against or reduce any other amounts due under this Agreement. Notwithstanding anything to the contrary in Section 6.3 and 6.4, if the Company, after delivery of a Notice of Termination, promptly (and in any event within 30 days) determines that grounds existed prior to the delivery of the Notice of Termination to terminate the Executive’s employment for Cause after complying with the procedural requirements of this Agreement, the Company shall have the right to recover any payments that have been made to the Executive or on the Executive’s behalf under this Agreement including but not limited to offset against or reduction of any amounts due under this Agreement or otherwise.

7. No Mitigation. The Company agrees that under this Agreement, if the Executive’s employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 5 of this Agreement or Section 6.4 of this Agreement. Further, the amount of any payment or benefit provided for in this Agreement (other than as specifically provided in Section 5.1(b) of this Agreement) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Successors; Binding Agreement.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive’s employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

8.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

9. 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.

10. Obligations after the Date of Termination.

(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, at any time following the Date of Termination, 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. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, 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 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). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).

(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 will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.

(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 otherwise 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, 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) or otherwise as required by law shall not be subject to this Section 10(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, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and 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 which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business 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. 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 10 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 10 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

11. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

(a) compliance with the provisions of Section 10 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 B (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.

12. 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 the President of the Company or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of 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. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

13. Validity; Counterparts. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Prior Agreements. This Agreement supersedes and replaces the Prior Agreement. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. By signing this Agreement, the Executive releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of the Prior Agreement.

15. <u>Coordination with Employment Agreement</u>. In the event that the Executive receives compensation or benefits under the Executive's Employment Agreement and thereafter becomes entitled to similar compensation or benefits under this Agreement, the compensation and benefits paid or provided under the Employment Agreement shall be an offset against the similar compensation and benefits payable or to be provided under this Agreement.

16. <u>Settlement of Disputes</u>. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.

17. <u>Arbitration</u>. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Hartford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

18. <u>Definitions</u>. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(c) "Board" shall mean the Board of Directors of the Company.

(d) “Cause” for termination by the Company of the Executive’s employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, 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.

(e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:

(I) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Company representing thirty-five (35%) or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company or a transaction described in clause (A) of paragraph (III) below;

(II) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Company subsequent to the beginning of such period whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company and whose appointment or election was not approved by at least a majority of the directors of the Company in office immediately before any such contest;

(III) there is consummated a Merger of the Company with any other business entity, other than (A) a Merger which would result in the securities of the Company generally entitled to vote in the election of directors of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding such securities under an employee benefit plan of the Company or any Subsidiary, at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger, generally entitled to vote in the election of directors of the Company or such surviving entity or any parent thereof and, in the case of such surviving entity or any parent thereof, of a class registered under Section 12 of the Exchange Act, or (B) a Merger effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding voting securities generally entitled to vote in the election of directors of the Company; or

(IV) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity where the outstanding securities generally entitled to vote in the election of directors of the Company immediately prior to the transaction continue to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof) 50% or more of the combined voting power of the outstanding voting securities of such entity generally entitled to vote in such entity's election of directors immediately after such sale and of a class registered under Section 12 of the Exchange Act.

Within five (5) days after a Change in Control has occurred, the Company shall deliver to the Executive a written statement memorializing the date that the Change in Control occurred.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.

(g) "Company" shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets.

(h) "Consultant" shall have the meaning set forth in Appendix A of this Agreement.

(i) "Date of Termination" shall have the meaning set forth in Section 6.2 of this Agreement.

(j) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(l) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.

(m) "Executive" shall mean the individual named in the preamble to this Agreement

(n) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control (if more than one Change in Control has occurred, any reference to a Change in Control in this subsection (n) shall refer to the most recent Change in Control), of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (I), (V), (VI), or (VII) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(I) the assignment to the Executive of any duties inconsistent with the Executive's status as Senior Vice President and Chief Information Officer of the Company or a substantial diminution in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;

(II) a reduction by the Company in the Executive's annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;

(III) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to the Change in Control or the Company's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;

(IV) the failure by the Company to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;

(V) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation (including, but not limited to, the Kaman Corporation Compensation Administration Plan, Kaman Corporation Cash Bonus Plan, and Kaman Corporation 2003 Stock Incentive Plan), unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;

(VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's life insurance, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control, the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control, provided, however, that this paragraph shall not be construed to require the Company to provide the Executive with a defined benefit pension plan if no such plan is provided to similarly situated executive officers of the Company or its Affiliates; or

(VII) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

Notwithstanding anything to the contrary above, the Executive shall not have "Good Reason" to terminate employment due solely to one or more of the following events: (1) there is a diminution of the business of the Company or any of its subsidiaries, including, without limitation, a sale or other transfer of property or other assets of the Company or its subsidiaries, or a reduction in the Executive's business unit's head count or budget, or (2) a suspension of the Executive's position, job functions, authorities, duties and responsibilities while on paid administrative leave due to a reasonable belief by the Board that the Executive has engaged in conduct that would give adequate grounds to terminate the Executive's employment for Cause.

(o) "Gross-Up Payment" shall have the meaning set forth in Section 5.2 of this Agreement.

(p) "Management Buyout" means any event or transaction which would otherwise constitute a Change in Control (a "Transaction") if, in connection with the Transaction, the Executive, members of the Executive's immediate family, and/or the "Executive's Affiliates" (as defined below) participate, directly or beneficially, as an equity investor in, or have the option or right to acquire, whether or not vested, equity interests of, the acquiring entity or any of its Affiliates (the "Acquiror") having a percentage interest therein greater than 1%. For purposes of the preceding sentence, a party shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the party of an incentive compensation award under one or more incentive plans of the Acquiror (including, but not limited to, the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other employees of the Company at a comparable level as such party immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title and the like, or (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other shareholders of the Company or (iii) the party's interests in any tax-qualified defined benefit or defined contribution pension or retirement plan in which such party or any family member is a participant or beneficiary. The "Executive's Affiliates" at any time consist of any entity in which the Executive and/or members of the Executive's immediate family then own, directly or beneficially, or have the option or right to acquire, whether or not vested, greater than 10% of such entity's equity interests, and all then current directors and executive officers of the Company who are members of any group, that also includes the Executive, a member of the Executive's immediate family and/or any such entity, in which the members have agreed to act together for the purpose of participating in the Transaction. The Executive's immediate family consists of the Executive's spouse, parents, children and grandchildren.

(q) "Merger" means a merger, share exchange, consolidation or similar business combination under applicable law.

(r) "Notice of Termination" shall have the meaning set forth in Section 6.1 of this Agreement.

(s) "Payments" shall have the meaning set forth in Section 5.1 of this Agreement.

(t) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.

(u) “Subsidiary” shall mean any corporation within the meaning of Section 424(f) of the Code.

(v) “Term” shall mean the period of time described in Section 2 of this Agreement.

19. 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 including, if necessary, the deferral of any amount payable hereunder upon separation from service to the first date such amount may be paid without incurring tax under Section 409A of the Code, in which case such payment shall bear interest at the applicable federal rate under Section 1274 of the Code. 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.

IN WITNESS WHEREOF, the parties have executed this agreement.

KAMAN CORPORATION

	/s/ Paul R. Kuhn		2/20/07
By:	Paul R. Kuhn		Date
Its:	President and Chief Executive Officer		

Executive

By:	/s/ Ronald M. Galla		2-19-07
	Ronald M. Galla		Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 5.2 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 “Consultant”) selected in accordance with Paragraph 2 below. The Consultant 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 Consultant’s determination. If the Consultant determines that the Executive is not subject to Excise Tax, 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 Consultant 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 Consultant 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 Consultant 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 Date of Termination, (or the date of the Change in Control if the Executive is subject to Excise Tax prior to the issuance of a Notice 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 Consultant shall be a nationally recognized public accounting firm, benefits consultant or law 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 Consultant within ten (10) days after the date on which the Company proposed to Executive an entity to serve as the Consultant, then Executive and the Company shall each select one and those two firms shall jointly select the entity to serve as the Consultant within ten (10) days after being requested by the Company and Executive to make such selection. The Company shall pay the Consultant’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 Executive 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).

APPENDIX B

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 Ronald M. Galla (“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 positions as Senior Vice President and Chief Information Officer of Employer and will not be eligible for any benefits or compensation after ________, including payments under the Executive’s Employment Agreement, other than as specifically provided under the Change in Control Agreement between Employer and Executive effective as of January 1, 2007 (the “Change in Control 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 11 of the Change in Control Agreement.

3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) 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 _______________ Chief Legal Officer, 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 seven (7) 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. Subject to the full satisfaction by the Employer of its obligations under the Change in Control Agreement, 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; (ii) Employee's rights under the provisions of the Change in Control 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 under the Change in Control Agreement. Employee also affirms Executive has no known workplace injuries.

7. Cooperation; Return of Property. In accordance with Section 10(f) of the Change in Control Agreement 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 and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. The Employee represents the Executive has complied with Section 10(e) of the Change in Control Agreement regarding the return of Employer property and records.

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 Change in Control Agreement which are intended to survive termination of the Change in Control Agreement, including but not limited to those contained in Section 10 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 CHANGE IN CONTROL 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:

KAMAN CORPORATION

By: ____________________

Name: **[NAME]**
Title: ____________________
Date: ____________________

RONALD M. GALLA

____

Date: ____________________

Exhibit 10g (xvi)

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is effective as of January 1, 2007 (the "Effective Date") between Kaman Corporation, a Connecticut corporation (the "Company"), and Russell H. Jones (the "Executive").

W I T N E S S E T H:

WHEREAS, the Executive is currently employed as the Senior Vice President, Chief Investment Officer and Treasurer 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 the Effective Date and, unless terminated earlier as provided in Section 7 hereof, ending on March 31, 2008 (such term of employment is herein referred to as the "Employment Term").

2. POSITION & DUTIES.

(a) The Executive shall serve as the Company's Senior Vice President, Chief Investment Officer and Treasurer and as the Company's principal investor relations officer and principal public relations officer (collectively, the "Other Duties") under this Agreement during the Employment Term. As Senior Vice President, Chief Investment Officer and Treasurer and in connection with such Other Duties, 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 positions as Senior Vice President, Chief Investment Officer and Treasurer and in connection with such Other Duties.

(b) During the Employment Term, the Executive shall use the Executive's best reasonable efforts to perform faithfully and efficiently the duties and responsibilities assigned to the Executive hereunder (including applicable obligations under state law) 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.

(c) 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.

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 $255,000 (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 short- and long-term incentive compensation plans and programs for the Company's senior executives at a level commensurate with the Executive's position during the Employment Term. 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 45% of Base Salary as an initial target bonus opportunity as described in the terms of the Company's annual bonus plan as then in effect. Except as provided under Section 8 of the Agreement, the Executive shall receive payments with respect to the plans and programs described in this Section 4 in accordance with the terms of such plans and programs.

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 Company's reasonable policies regarding forfeitures of cash and equity incentive awards due to material financial restatements due to executive misconduct, as may be in effect from time to time, it being agreed that any such policies shall only be effective with respect to awards made on or after the Effective Date. If there is a Change in Control (as defined in the Kaman Corporation 2003 Stock Incentive Plan in effect on the date hereof), all then outstanding unvested equity awards granted to the Executive (for example, stock options, stock appreciation rights and restricted stock), whether under this Agreement or otherwise, will fully vest and become non-forfeitable and remain exercisable in accordance with the terms of the applicable Company plans.

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.

(b) VACATION. The Executive shall be entitled to at least 5 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 according to the Company's vacation policy.

(c) AUTOMOBILE. The Company shall provide the Executive with a leased automobile as approved by the Committee as per the Company’s perquisites policy from time to time.

(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 the Executive’s 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 the Executive’s 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 each case which is in the course of the Executive’s employment and materially injurious to the Company, or (C) willfully violated a material requirement of the Company’s code of conduct or the Executive’s 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 foregoing, 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.

(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 positions of Senior Vice President, Chief Investment Officer, and Treasurer (other than for Cause);

(2) a reduction of the Executive’s Base Salary, annual initial target bonus opportunity or modified bonus opportunity to the extent the modification to the initial target bonus opportunity is adverse to the Executive relative to the modification made to the initial target bonus opportunity of other senior officers of the Executive’s business unit;

(3) a failure to pay the Executive’s compensation or benefits provided or referred to under this Agreement;

(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; or

(5) the assignment of duties to the Executive that are materially inconsistent with the Executive’s positions as Senior Vice President, Chief Investment Officer and Treasurer.

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"; provided that if such leave is unpaid and either the Executive returns to full-time employment under this Agreement or it is subsequently determined the Executive's employment is to be terminated without Cause, then the compensation and benefits that would have been payable during such leave will be paid as soon as reasonably practicable with interest at the prime rate beginning as of the date such leave commenced plus 100 basis points; (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 the Executive's actual knowledge of the event, and (iii) prospective changes to employee benefits (as defined in Section 6) for future employment made on an across-the-board basis to all similarly situated executives of the Company and its subsidiaries 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 at least May 10, 2007 (the "Retirement Eligibility Date"). Nothing herein shall be construed as limiting the Executive's right, if any, to terminate employment prior to the Retirement Eligibility Date and receive compensation and benefits, as applicable, provided under the respective terms of the Company's benefit plans.

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 including but not limited to the Change in Control Agreement. 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 or other short-term and long-term incentive compensation as described in Section 4 above earned with respect to any completed fiscal year; (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 pension, retirement and 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 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).

(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).

(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 financial 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) 1.25 times (b) the sum of (i) the Executive's 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), times (c) a fraction, the numerator of which is the number of days from the Executive's employment termination date until the end of the Employment Term, and the denominator of which is 456, 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 cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination 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) subject to the Executive’s continued co-payment of premiums, if required under Company policy, continued participation for 24 months but in no event later than the Retirement Eligibility Date 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”); and

(7) the Company shall continue to pay all premiums on the life insurance coverage issued to the Executive for 24 months but in no event later than the Retirement Eligibility Date.

(e) RETIREMENT. If the Executive terminates employment on or following the Executive’s Retirement Eligibility 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 financial 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) each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination shall be deemed fully vested and fully earned and then shall be cancelled in exchange for a cash payment within 10 business days after the date of the Executive's retirement with 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) 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

(5) the Executive shall be considered to have “retired” on the Executive’s date of termination of employment with the Company on or following the Executive’s Retirement Eligibility Date for purposes of any plans, programs, agreements or arrangements with the Company or its affiliates.

(f) ACCELERATION OF EQUITY AWARDS

If 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 (for example, stock options, stock appreciation rights and restricted stock), whether under this Agreement or otherwise, will fully vest and become non-forfeitable and remain exercisable in accordance with the terms of the applicable Company plans.

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

Notwithstanding anything to the contrary set forth in this Agreement, if the Executive’s employment with the Company is terminated under circumstances that result in the payment of “Severance Payments” under the Executive’s Change in Control Agreement, the Severance Payments under the Executive’s Change in Control Agreement shall be in lieu of any severance benefits otherwise payable to the Executive under this Section 8.

9. CONDITIONS. Any payments or benefits made or provided pursuant to Section 8 (other than Accrued Amounts) are subject to the Executive’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.

For purposes of any payments or benefits provided under Section 8 (other than Accrued Amounts) to an Executive’s beneficiary or estate, the beneficiary or estate shall comply with the provisions of Section 9(b) and Section 11(e).

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 ten (10) 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 in accordance with Section 20 hereof). 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 of employment 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 the Executive’s death, or, if no such beneficiary was designated (or the Company is unable in good faith to determine the beneficiary designated), to the Executive’s personal representative or estate.

10. SECTION 4999 EXCISE TAX. The Company shall provide the Executive with a "Gross-Up Payment", as defined in the Change in Control Agreement between the Company and the Executive effective as of January 1, 2007, in the event that any payment made under this Agreement is subject to excise tax under Section 4999 of the Code and the Change in Control Agreement does not apply to such payment.

11. POST-EMPLOYMENT OBLIGATIONS

(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. In the event that the Executive receives severance benefits under Section 8(d) of this Agreement, the Executive agrees that for the two (2) year period following the date of termination, 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 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). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 11(b).

(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 will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives severance benefits under Section 8(d) of this Agreement, the Executive agrees that for a period of two (2) years following the date of termination, but not later than the Executive's Retirement Eligibility Date, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.

(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 otherwise 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, 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) or otherwise as required by law 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, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and 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 which arise out of the Executive’s employment with the Company, or relate to any matters directly pertaining to, the business 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. 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 in writing 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. Except as provided in the last sentence of Section 15 hereof, 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 (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. It is specifically acknowledged by the Company that this Agreement does not supersede the Change in Control Agreement or any existing employee benefits as described in Section 6 above or otherwise provided by the Company or its affiliates.

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 including, if necessary, the deferral of any amount payable hereunder upon separation from service to the first date such amount may be paid without incurring tax under Section 409A of the Code, in which case such payment shall bear interest at the applicable federal rate under Section 1274 of the Code. 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 5 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.

25. 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.

KAMAN CORPORATION

By: /s/ Paul R. Kuhn

PAUL R. KUHN

Its: **PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Date: 2/20/07

RUSSELL H. JONES

By: /s/ Russell H. Jones

Date: 2/19/07

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 Russell H. Jones (“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 positions as Senior Vice President, Chief Investment Officer, and Treasurer of Employer and will not be eligible for any benefits or compensation after ________, including payments under the Executive’s Change in Control Agreement, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive effective as of January 1, 2007 (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 seven (7) 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 Chief Legal Officer, 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 seven (7) 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. Subject to the full satisfaction by the Employer of its obligations under the Employment Agreement, 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 Amounts (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. In accordance with Section 11(f) of the Employment Agreement, 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 and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. Employee represents that Executive has complied with Section 11(e) of the Employee Agreement regarding the return of property.

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:

KAMAN CORPORATION

By: ____________________

Name: **[NAME]**
Title: ____________________
Date: ____________________

RUSSELL H. JONES

____

Date: ____________________

KAMAN CORPORATION
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, is made effective as of January 1, 2007 (the “Effective Date”), by and between Kaman Corporation, a Connecticut corporation (the “Company”), and Russell H. Jones (the “Executive”).

WHEREAS, the Company and the Executive are parties to the Kaman Corporation Change in Control Agreement dated as of November 11, 2003 (the "Prior Agreement"); and

WHEREAS, the Company and the Executive have agreed to replace and supersede the Prior Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. Definitions of capitalized terms used in this Agreement are provided in the last Section of this Agreement.

2. Term. This Agreement shall terminate on the fifth anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the fourth anniversary of the Effective Date or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall expire at the end of the then-current term. Notwithstanding any such notice, the term of this Agreement shall not expire before the second anniversary of a Change in Control that occurs within the term of this Agreement. The initial term of this Agreement, as it may be extended under this Section 2, is herein referred to as the "Term."

3. Company’s Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive’s continued employment, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described in this Agreement. Except as provided in Sections 5.1 and 8.1 of this Agreement, no Severance Payments (as defined in Section 5) shall be payable under this Agreement unless there shall have been a termination of the Executive’s employment with the Company following a Change in Control. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. Compensation Other Than Severance Payments.

4.1 If the Executive's employment shall be terminated for any reason following a Change in Control, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if Section 18(n)(II) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination (or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason). In addition, if the Executive's employment is terminated for any reason following a Change in Control other than (a) by the Company for Cause and (b) by the Executive without Good Reason, then the Company shall pay a pro-rata portion of the Executive's annual bonus for the performance year in which such termination occurs to the Executive at the time that annual bonuses are paid to other senior executives. This pro-rata bonus shall be determined by multiplying the amount the Executive would have received based upon actual financial performance through such termination, as reasonably determined by the Company, by a fraction, the numerator of which is the number of days during such performance year that the Executive is employed by the Company and the denominator of which is 365.

4.2 If the Executive's employment shall be terminated for any reason following a Change in Control, the Company shall pay to the Executive the Executive's normal post-termination compensation and benefits as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

5. Severance Payments.

5.1 If the Executive's employment is terminated during the twenty-four (24) month period immediately following a Change in Control, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits described in this Section 5 (collectively, the "Severance Payments") in addition to any payments and benefits to which the Executive is entitled under Section 4 of this Agreement. The Executive shall also be entitled to Severance Payments under this Agreement if the Executive's employment is terminated without Cause by the Company or by the Executive for Good Reason at any time beginning on the first day of the 90 day period immediately prior to the execution of a definitive purchase and sale agreement that results in such Change in Control and the closing of such Change in Control.

(a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(II) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.

(b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and disability benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason.

(c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Company stock subject to the stock appreciation right or stock option on the date of the Change in Control, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all long-term performance awards shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award.

(d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the “Pension Plans”) or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional two years of “Credited Service” and “Continuous Service” (as defined in the Kaman Corporation Amended and Restated Employees’ Pension Plan) when calculating the Executive’s benefit under Kaman Corporation Supplemental Employees Retirement Plan (“SERP”). For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive's Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) for purposes of calculating the benefits payable under the SERP or this Section 5.1(d).

(e) If the Executive would have become entitled to benefits under the Company’s post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive’s employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive’s dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.

(f) The Company (i) shall establish an irrevocable grantor trust holding an amount of assets sufficient to pay all remaining premiums (which trust shall be required to pay such premiums), under any insurance policy maintained by the Company insuring the life of the Executive, that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive.

(g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars ($30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive’s first day of employment with a new employer.

(h) The Company shall provide the Executive with his Company automobile. The book value then attributed to it by the leasing company will be considered “fringe benefit” income and that amount will be subject to tax during the calendar year in which the Date of Termination occurs.

5.2 Section 4999 Excise Tax.

(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 with any person affiliated with the Company and whether or not the Executive's employment has then terminated (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 5.2(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 5.2 are set forth in Appendix A attached hereto. For purposes of making the determinations and calculations required herein, the Consultant may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Consultant 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.

5.3 The Company also shall reimburse the Executive for legal fees and expenses incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments shall be made within ten (10) business days after delivery of the Executive's written request for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

5.4 The payments provided in subsections (a) and (c) of Section 5.1 shall be made on the last day of the Executive's employment. The payments provided in Section 5.2 of this Agreement, if any, as determined under Appendix A, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Consultant's determination of the Gross-Up Payment. If payments are not made in the time frame required by this subsection, interest on the unpaid amounts will accrue at 120% of the rate provided in Section 1274(b)(2)(B) of the Code until the date such payments are actually made. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from the Consultant or other advisors (and any such opinions or advice which are in writing shall be attached to the statement).

5.5 Coordination with Employment Agreement.

Severance Payments made under this Section 5 shall be in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise.

6. Termination Procedures and Compensation During Dispute.

6.1 Notice of Termination. After a Change in Control, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 9 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

6.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

6.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 6.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

6.4 Compensation During Dispute. If a purported termination occurs following a Change in Control and the Date of Termination is extended in accordance with Section 6.3 of this Agreement, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 6.3 of this Agreement. Amounts paid under this Section 6.4 are in addition to all other amounts due under this Agreement (other than those due under Section 4.1 of this Agreement) and shall not be offset against or reduce any other amounts due under this Agreement. Notwithstanding anything to the contrary in Section 6.3 and 6.4, if the Company, after delivery of a Notice of Termination, promptly (and in any event within 30 days) determines that grounds existed prior to the delivery of the Notice of Termination to terminate the Executive's employment for Cause after complying with the procedural requirements of this Agreement, the Company shall have the right to recover any payments that have been made to the Executive or on the Executive's behalf under this Agreement including but not limited to offset against or reduction of any amounts due under this Agreement or otherwise.

7. No Mitigation. The Company agrees that under this Agreement, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 5 of this Agreement or Section 6.4 of this Agreement. Further, the amount of any payment or benefit provided for in this Agreement (other than as specifically provided in Section 5.1(b) of this Agreement) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Successors; Binding Agreement.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

8.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

9. 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.

10. Obligations after the Date of Termination.

(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, at any time following the Date of Termination, 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. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, 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 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). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).

(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 will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.

(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 otherwise 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, 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) or otherwise as required by law shall not be subject to this Section 10(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, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and 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 which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business 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. 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 10 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 10 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

11. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

(a) compliance with the provisions of Section 10 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 B (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.

12. 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 the President of the Company or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of 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. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

13. Validity; Counterparts. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Prior Agreements. This Agreement supersedes and replaces the Prior Agreement. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. By signing this Agreement, the Executive releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of the Prior Agreement.

15. Coordination with Employment Agreement. In the event that the Executive receives compensation or benefits under the Executive's Employment Agreement and thereafter becomes entitled to similar compensation or benefits under this Agreement, the compensation and benefits paid or provided under the Employment Agreement shall be an offset against the similar compensation and benefits payable or to be provided under this Agreement.

16. Settlement of Disputes. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.

17. Arbitration. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Hartford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

18. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, 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.

(e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:

(I) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Company representing thirty-five (35%) or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company or a transaction described in clause (A) of paragraph (III) below;

(II) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Company subsequent to the beginning of such period whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company and whose appointment or election was not approved by at least a majority of the directors of the Company in office immediately before any such contest;

(III) there is consummated a Merger of the Company with any other business entity, other than (A) a Merger which would result in the securities of the Company generally entitled to vote in the election of directors of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding such securities under an employee benefit plan of the Company or any Subsidiary, at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger, generally entitled to vote in the election of directors of the Company or such surviving entity or any parent thereof and, in the case of such surviving entity or any parent thereof, of a class registered under Section 12 of the Exchange Act, or (B) a Merger effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; or

(IV) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity where the outstanding securities generally entitled to vote in the election of directors of the Company immediately prior to the transaction continue to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof) 50% or more of the combined voting power of the outstanding voting securities of such entity generally entitled to vote in such entity's election of directors immediately after such sale and of a class registered under Section 12 of the Exchange Act.

Within five (5) days after a Change in Control has occurred, the Company shall deliver to the Executive a written statement memorializing the date that the Change in Control occurred.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.

(g) "Company" shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets.

(h) "Consultant" shall have the meaning set forth in Appendix A of this Agreement.

(i) "Date of Termination" shall have the meaning set forth in Section 6.2 of this Agreement.

(j) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(l) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.

(m) "Executive" shall mean the individual named in the preamble to this Agreement

(n) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control (if more than one Change in Control has occurred, any reference to a Change in Control in this subsection (n) shall refer to the most recent Change in Control), of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (I), (V), (VI), or (VII) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(I) the assignment to the Executive of any duties inconsistent with the Executive's status as Senior Vice President, Chief Investment Officer and Treasurer of the Company or a substantial diminution in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;

(II) a reduction by the Company in the Executive's annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;

(III) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to the Change in Control or the Company's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;

(IV) the failure by the Company to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;

(V) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation (including, but not limited to, the Kaman Corporation Compensation Administration Plan, Kaman Corporation Cash Bonus Plan, and Kaman Corporation 2003 Stock Incentive Plan), unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;

(VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's life insurance, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control, the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control, provided, however, that this paragraph shall not be construed to require the Company to provide the Executive with a defined benefit pension plan if no such plan is provided to similarly situated executive officers of the Company or its Affiliates; or

(VII) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

Notwithstanding anything to the contrary above, the Executive shall not have "Good Reason" to terminate employment due solely to one or more of the following events: (1) there is a diminution of the business of the Company or any of its subsidiaries, including, without limitation, a sale or other transfer of property or other assets of the Company or its subsidiaries, or a reduction in the Executive's business unit's head count or budget, or (2) a suspension of the Executive's position, job functions, authorities, duties and responsibilities while on paid administrative leave due to a reasonable belief by the Board that the Executive has engaged in conduct that would give adequate grounds to terminate the Executive's employment for Cause.

(o) “Gross-Up Payment” shall have the meaning set forth in Section 5.2 of this Agreement.

(p) “Management Buyout” means any event or transaction which would otherwise constitute a Change in Control (a “Transaction”) if, in connection with the Transaction, the Executive, members of the Executive's immediate family, and/or the “Executive's Affiliates” (as defined below) participate, directly or beneficially, as an equity investor in, or have the option or right to acquire, whether or not vested, equity interests of, the acquiring entity or any of its Affiliates (the “Acquiror”) having a percentage interest therein greater than 1%. For purposes of the preceding sentence, a party shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the party of an incentive compensation award under one or more incentive plans of the Acquiror (including, but not limited to, the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other employees of the Company at a comparable level as such party immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title and the like, or (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other shareholders of the Company or (iii) the party’s interests in any tax-qualified defined benefit or defined contribution pension or retirement plan in which such party or any family member is a participant or beneficiary. The “Executive’s Affiliates” at any time consist of any entity in which the Executive and/or members of the Executive’s immediate family then own, directly or beneficially, or have the option or right to acquire, whether or not vested, greater than 10% of such entity’s equity interests, and all then current directors and executive officers of the Company who are members of any group, that also includes the Executive, a member of the Executive’s immediate family and/or any such entity, in which the members have agreed to act together for the purpose of participating in the Transaction. The Executive’s immediate family consists of the Executive’s spouse, parents, children and grandchildren.

(q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.

(r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.

(s) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.

(t) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.

(u) "Subsidiary" shall mean any corporation within the meaning of Section 424(f) of the Code.

(v) "Term" shall mean the period of time described in Section 2 of this Agreement.

19. 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 including, if necessary, the deferral of any amount payable hereunder upon separation from service to the first date such amount may be paid without incurring tax under Section 409A of the Code, in which case such payment shall bear interest at the applicable federal rate under Section 1274 of the Code. 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.

IN WITNESS WHEREOF, the parties have executed this agreement.

KAMAN CORPORATION

	/s/ Paul R. Kuhn		2/20/07
By:	Paul R. Kuhn		Date
Its:	President and Chief Executive Officer		

Executive

By:	/s/ Russell H. Jones		2/19/07
	Russell H. Jones		Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 5.2 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 “Consultant”) selected in accordance with Paragraph 2 below. The Consultant 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 Consultant’s determination. If the Consultant determines that the Executive is not subject to Excise Tax, 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 Consultant 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 Consultant 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 Consultant 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 Date of Termination, (or the date of the Change in Control if the Executive is subject to Excise Tax prior to the issuance of a Notice 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 Consultant shall be a nationally recognized public accounting firm, benefits consultant or law 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 Consultant within ten (10) days after the date on which the Company proposed to Executive an entity to serve as the Consultant, then Executive and the Company shall each select one and those two firms shall jointly select the entity to serve as the Consultant within ten (10) days after being requested by the Company and Executive to make such selection. The Company shall pay the Consultant’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 Executive 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).

APPENDIX B

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 Russell H. Jones (“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 positions as Senior Vice President, Chief Investment Officer and Treasurer of Employer and will not be eligible for any benefits or compensation after ________, including payments under the Executive’s Employment Agreement, other than as specifically provided under the Change in Control Agreement between Employer and Executive effective as of January 1, 2007 (the “Change in Control 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 11 of the Change in Control Agreement.

3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) 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 _______________ Chief Legal Officer, 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 seven (7) 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. Subject to the full satisfaction by the Employer of its obligations under the Change in Control Agreement, 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; (ii) Employee's rights under the provisions of the Change in Control 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 under the Change in Control Agreement. Employee also affirms Executive has no known workplace injuries.

7. Cooperation; Return of Property. In accordance with Section 10(f) of the Change in Control Agreement 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 and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. The Employee represents the Executive has complied with Section 10(e) of the Change in Control Agreement regarding the return of Employer property and records.

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 Change in Control Agreement which are intended to survive termination of the Change in Control Agreement, including but not limited to those contained in Section 10 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 CHANGE IN CONTROL 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:

KAMAN CORPORATION

By: ______________________

Name: **[NAME]**
Title: ______________________

Date: ______________________

____
Russell H. Jones

Date: ______________________

Exhibit 10h(i)

INCENTIVE STOCK OPTION AGREEMENT
(Under the Kaman Corporation
2003 Stock Incentive Plan)

THIS AGREEMENT, made and entered into as of the ___ day of _________, 20___ by and between KAMAN CORPORATION, a Connecticut corporation, with its principal office in Bloomfield, Connecticut (the "Corporation"), and ___________ (the "Optionee");

W I T N E S S E T H :

WHEREAS, the Optionee is now a full-time salaried employee of the Corporation or a subsidiary thereof, the term "subsidiary" being used herein as defined in the Corporation's 2003 Stock Incentive Plan (the "Plan"); and

WHEREAS, the Corporation desires to give the Optionee an opportunity to acquire shares of the Class A Common Stock of the Corporation (the "Stock" or "shares") pursuant to the Plan in consideration of and on the terms and conditions stated in this Agreement;

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. GRANT OF OPTION. Subject to the terms and conditions set forth in this Agreement, the Corporation grants to the Optionee, effective the day and year first above written (hereinafter called the "date of grant"), the right and option (hereinafter called the "option"), exercisable during the period commencing on the date of grant and ending ten (10) years after the date of grant, to purchase from the Corporation from time to time, up to but not exceeding in the aggregate _______ shares of the Stock to be issued upon the exercise hereof, fully paid and non-assessable; provided that the exercise of the option is restricted as set forth in Section 2 of this Agreement.

2. TERMS AND CONDITIONS OF OPTION. The following terms and conditions shall apply to the option:

(a) Option Price. The purchase price of each share subject to the option shall be $_____ being 100% of the fair market value of the shares subject to the option on the date of grant.

(b) Type of Option. The option is an incentive stock option meeting the requirements of such options as defined in Section 422 of the Internal Revenue Code of 1986, as amended.

(c) Period of Option. The option granted under the Plan shall have a term of ten (10) years from the date on which it is granted; provided that the option or the unexercised portion thereof (to the extent exercisable on the date of termination of employment) shall terminate at the close of business on the day three (3) months following the date on which the Optionee ceases to be employed by the Corporation or a subsidiary, unless the option shall have already expired by its terms, except as provided under subsection (f) of this section in the event of the death or disability of the Optionee.

(d) Exercise of Option. The option granted under the Plan shall be exercisable with respect to not more than ______ percent (___%) of the shares subject thereto after the expiration of one (1) year following the date of grant, and shall be exercisable as to an additional _______ percent (___%) of such shares after the expiration of each of the succeeding ________ (___) years, on a cumulative basis, so that the option, or any unexercised portion thereof, shall be fully exercisable after a period of ________ (___) years from the date of grant, provided that any portion of the option which remains unexercisable shall become exercisable in the event of a Change in Control, as defined and subject to the conditions set forth in the Plan. Except as provided in subsection (f) of this section, the Optionee may not exercise the option or any part thereof unless at the time of such exercise the Optionee shall be employed by the Corporation or a subsidiary and shall have been so employed continuously since the date of grant, excepting leaves of absence approved by the Committee, as defined in the Plan; provided, however, that an Optionee may exercise the option during the three (3) month period following such continuous employment unless such option shall have already expired by its terms. The option shall be exercised in the manner set forth in Section 3 of this Agreement by serving written notice of exercise on the Corporation accompanied by full payment of the purchase price in cash. Any obligation of the Corporation to accept such payment and issue the shares as to which such option is being exercised shall be conditioned upon the Corporation's ability at nominal expense to issue such shares in compliance with all applicable statutes, rules or regulations of any governmental authority. The Corporation may secure from the Optionee any assurances or agreements that the Committee, in its sole discretion, shall deem necessary or advisable in order that the issuance of such shares shall comply with any such statutes, rules or regulations.

(e) Nontransferability. The option shall not be transferable by the Optionee otherwise than by will or by the laws of descent and distribution, and the option shall be exercisable, during the Optionee's lifetime, only by the Optionee.

(f) Death or Disability of Optionee. In the event of the death or disability of the Optionee while in the employ of the Corporation or a subsidiary, the option may be exercised within the period of one (1) year succeeding death or disability to the extent otherwise exercisable at the time of exercise, but in no event later than ten (10) years from the date the option was granted. In the event of the death of the Optionee, the option may be so exercised by the person or persons designated in the Optionee's will for that purpose. If no such person or persons are so designated or if the Optionee dies intestate, then the option may be exercised within said period by the legal representative or representatives of the Optionee's estate. In the event that the Optionee is disabled, the term "disabled", meaning permanent and total disability as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, while in the employ of the Corporation or a subsidiary, the option may be exercised within said period either by the Optionee or by his representative, as the case may be.

(g) Stockholder Rights. The Optionee shall not be entitled to any rights as a stockholder with respect to any shares subject to the option prior to the date of issuance to the Optionee of a stock certificate representing such shares.

h) Disqualifying Dispositions. Optionee shall promptly notify the Corporation in the event of a disqualifying disposition (within the meaning of the Internal Revenue Code of 1986, as amended) of any shares acquired pursuant to this Agreement and provide the Corporation with all relevant information related thereto.

3. MANNER OF EXERCISE OF OPTION. The option shall be exercised by delivering to the Chief Financial Officer of the Corporation from time to time a signed statement of exercise specifying the number of shares to be purchased, together with cash or a check to the order of the Corporation for an amount equal to the purchase price of such shares. In the discretion of the Committee, payment in full or in part may also be made by delivery of (i) irrevocable instructions to a broker to deliver promptly to the Corporation the amount of sale or loan proceeds to pay the exercise price, or (ii) previously owned shares of Stock not then subject to restrictions under any Corporation plan (but which may include shares the disposition of which con-stitutes a disqualifying disposition for purposes of obtaining incentive stock option treatment for federal tax purposes), or (iii) shares of Stock otherwise receivable upon the exercise of such option (which will constitute a disqualifying disposition of such shares for federal tax purposes). The issuance of optioned shares shall be conditioned on the Optionee having either (i) paid, or (ii) made provisions satisfactory to the Committee for the payment of, all applicable tax withholding obligations, if any.

Within twenty (20) days after such exercise of the option in whole or in part, the Corporation shall deliver to the Optionee, at the principal office of the Corporation, certificates for the number of shares with respect to which the option shall be so exercised, issued in the Optionee's name, provided that, if the stock transfer books of the Corporation are closed for the whole or any part of said twenty (20) day period, then such period shall be extended accordingly. Each purchase of Stock hereunder shall be a separate and divisible transaction and a completed contract in and of itself.

4. STOCK RESERVATIONS. The Corporation shall at all times during the term of this Agreement reserve and keep available such number of shares of its Stock as will be sufficient to satisfy the requirements of this Agreement, and shall pay all original issue taxes, if any, on the exercise of the option, and all other fees and expenses necessarily incurred by the Corporation in connection therewith.

5. TERMINATION OF OPTION. If the Optionee shall no longer be a full-time salaried employee of the Corporation or a subsidiary, Optionee’s employment being terminated for any reason whatsoever other than death or disability, any unexercised portion of the option shall terminate at the close of business on the day three (3) months following the date of the termination of Optionee’s employment, unless such option shall have already expired by its terms. This option shall be exercisable, if at all, during such three (3) month period only to the extent exercisable on the date of termination of employment. For purposes of this option, a transfer of the employment of Optionee from the Corporation to a subsidiary, or vice versa, or from one subsidiary to another subsidiary, shall not be deemed a termination of employment.

6. EFFECT ON CHANGES IN CAPITAL STRUCTURE. The existence of the option shall not affect in any way the right or power of the Corporation or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Stock or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceedings, whether of a similar character or otherwise.

7. DILUTION OR OTHER ADJUSTMENTS. In the event that prior to delivery by the Corporation of all the shares of Stock subject to the option, the Corporation shall have effected one or more stock splits, stock dividends, mergers, reorganizations, consolidations, combinations or exchanges of shares, recapitalizations or similar capital adjustments, the Board of Directors of the Corporation shall equitably adjust the number, kind and option price of the shares remaining subject to the option in order to avoid dilution or enlargement of option rights.

8. COMPLIANCE WITH LAWS. Notwithstanding any of the provisions hereof, the Optionee agrees for himself/herself and his/her legal representatives, legatees and distributees that the option shall not be exercisable, and that the Corporation shall not be obligated to issue any shares hereunder, if the exercise of said option or the issuance of such shares shall constitute a violation by the option holder or the Corporation of any provision of any law or regulation of any governmental authority.

9. NOTICES. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications to the Corporation shall be mailed to or delivered to the Chief Financial Officer at the principal office of the Corporation, and all notices by the Corporation to the Optionee may be given to the Optionee personally or by mail, facsimile or electronic mail to the Optionee at the Optionee's place of employment with the Corporation or a subsidiary or the last designated address for the Optionee on the employment records of the Corporation.

10. ADMINISTRATION AND INTERPRETATION. The administration of the option shall be subject to such rules and regulations as the Committee deems necessary or advisable for the administration of the Plan. The determination or the interpretation and construction of any provision of the option by the Committee shall be final and conclusive upon all concerned, unless otherwise determined by the Board of Directors of the Corporation. The option shall at all times be interpreted and applied in a manner consistent with the provisions of the Plan, and in the event of any inconsistency between the terms of the option and the terms of the Plan, the terms of the Plan shall control, the terms of the Plan being incorporated herein by reference.

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

KAMAN CORPORATION

By ______________________________
Its

____
,Optionee

Exhibit 10h (viii)

AGREEMENT

Agreement made this 16th day of December, 2006, by and between KAMAN CORPORATION, a Connecticut corporation having its principal office in Bloomfield, Connecticut (the "Corporation"), and Robert Alvine, a director of the Corporation (the "Director").

WHEREAS, the Director is and will be rendering valuable services to the Corporation as a member of its Board of Directors; and

WHEREAS, the Corporation and the Director wish to enter into an arrangement for the deferred payment of compensation (as defined below) that the Director may earn in his capacity as a Director.

NOW THEREFORE, the Corporation and the Director hereby agree as follows:

1. Deferred Account. The Corporation will establish an account (the "Deferred Account") on its books, on behalf of the Director, to be credited with compensation as shall be deferred after the date hereof together with interest earned thereon, in accordance with the terms of this Agreement. For purposes of this Agreement, "compensation" shall mean the Director's retainer fees and meeting fees.

2. Elections. The Director may elect to defer current receipt of all, or a specified portion of, his compensation for services as a member of the Board as follows:

(a) An election to defer compensation (the "Election") shall be void with respect to compensation unless submitted before the beginning of the calendar year during which the amount to be deferred will be earned. Notwithstanding the foregoing, in the year in which the Director first becomes a member of the Board, the Election may be filed within thirty (30) days of the date on which such individual first becomes a Board member with respect to compensation earned during the remainder of the calendar year after the filing and acceptance of such Election.

(b) The Director shall only make the Election by executing a written notice in form and substance satisfactory to the Corporation and timely delivering it to the Corporation's Chief Financial Officer. The Election will remain in effect until the Director separates from service as a member of the Board, or amends or terminates the Election. Any amendment or termination of the Election shall also be made by such written form and shall only be effective as of the next following calendar year.

(c) As of each December 31st while this Agreement is in effect, the Election shall be irrevocable with respect to compensation payable with respect to services performed in the immediately following calendar year.

3. Interest. Interest shall be credited monthly and compounded monthly on all amounts credited to a Director's Deferred Account at the same rate and in the same manner as under the Kaman Corporation Amended and Restated Deferred Compensation Plan.

4. Time and Form of Payment. By completing and delivering an Election, the Director shall irrevocably select the time and form of payment pursuant to which amounts credited to his Deferred Account shall be distributed to him. Except as provided in Section 4A below, any amended Election will apply only to amounts credited to the Deferred Account for periods beginning with the first calendar year immediately following the amended Election. The Director may choose to have such amounts paid in a lump sum or in approximately equal quarterly installments over a period not to exceed ten (10) years. Lump sum payments shall be made on the first business day of the month selected by the Director pursuant to the Election. Installment payments shall commence on the first business day of the month selected by the Director pursuant to the Election. Notwithstanding the Director's selection of the method of distribution, amounts payable under this Agreement shall be distributed in a lump sum to the beneficiary designated in his Election, or in the event no living beneficiary shall be so designated, to his estate, within thirty (30) days following his death.

4A. Transition Rules for Changing Payment Elections

During 2006 or 2007, a Director may change a payment election made for deferrals credited under this Agreement (including the Rollover Amount) with respect to 2005, 2006 or 2007, or for all of those years, as follows:

(a) An election to change a payment election filed before January 1, 2007, may specify a new time of the payment (on any date after 2006), a new form of payment (from the available methods described in Section 4 above) or both. A changed payment election described in the immediately preceding sentence cannot change payment elections for payments the Director would otherwise receive in 2006, nor can it cause payments to be made in 2006.

(b) A transition election under this Section 4A filed during 2007 may specify a new time of payment (on any date after 2007), a new form of payment (from the available methods described in Section 4) or both. A changed payment election described in the immediately preceding sentence cannot change an election for payments the Director would otherwise receive in 2007, nor can it cause payments to be made in 2007.

5. Title to Deferred Account. At its option, the Corporation may elect to fund amounts credited to the Deferred Account but title to the Deferred Account, and any assets contained therein, shall at all times remain in the Corporation, and the Director or the Director’s beneficiaries shall not have any property interest whatsoever in any specific assets which may be contained in the Deferred Account.

6. Accelerated Payments Under Certain Circumstances. Notwithstanding any other provisions of this Agreement to the contrary, on account of an "unforeseeable emergency" (as defined in Section 409A(a)(2)(A)(vi) of the Internal Revenue Code, as amended (the "Code"), the Director or Director's legal representative (if the Director is not competent to manage his affairs) may apply to the Corporation for acceleration of the payment of some or all of the funds credited to the Deferred Account, but in no event more than is reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay for any Federal state or local income taxes or penalties reasonably anticipated to result from the payment). If such application is approved by the Corporation, the acceleration of payment will be effective at the later of the date specified in the Director's application or the date of approval by the Corporation. Whenever an application for acceleration of payments is granted, the Corporation shall pay the Director only the amount as is allowed under Section 409A due to an unforeseeable emergency.

7. No Trust Created. Nothing contained in this Agreement and no action taken pursuant to the provisions of this Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Director, his designated beneficiary, or any other person. Any funds which may be invested under the provisions of this Agreement shall continue for all purposes to be a part of the general funds of the Corporation and no person other than the Corporation shall by virtue of the provisions of this Agreement have any interest in such funds. To the extent that any person acquires a right to receive payments from the Corporation under this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

8. Rights Personal to Director. The right of the Director or any other person to the payment of deferred compensation or other benefits under this Agreement shall not be assigned, transferred, pledged or encumbered except by will or by the laws of descent and distribution.

9. Incapacity. If the Corporation shall find that the Director is unable to care for his affairs because of illness or accident, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, any child of the Director or to any person deemed by the Corporation, acting jointly, to have incurred expense for the Director in such manner and proportions as the Corporation may determine. Any such payment shall be in partial or complete discharge, as the case may be, of the liabilities of the Corporation under this Agreement.

10. No Other Rights. Nothing contained herein shall be construed as conferring upon the Director the right to continue in the service of the Corporation as a director or in any other capacity.

11. Interpretation. The Corporation shall have full power and authority to interpret, construe and administer this Agreement and the Corporation's interpretations and construction thereof, and actions thereunder, including any valuation of the Deferred Account, or the amount or recipient of the payment to be made therefrom, shall be binding and conclusive on all persons for all purposes. The Corporation shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement unless attributable to its own willful misconduct.

12. Other Plans; Establishment of Directors' Compensation. Nothing contained herein shall limit the right of the Board of Directors to determine from time to time the compensation, if any, of its directors; and credits to the Deferred Account hereunder shall be made only if and to the extent that compensation is established by the Board of Directors for such service.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Corporation, its successors and assigns and the Director and his heirs, executors, administrators, and legal representatives.

14. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Connecticut.

15. Notice Addresses. The Election, and any other communications hereunder, shall be deemed effective when delivered in writing to:

If to the Corporation:

Kaman Corporation
P.O. Box 1
Bloomfield, Connecticut 06002-0001
Attention: Mr. Robert M. Garneau, Executive Vice President

If to the Director.

At such address as he shall designate in writing to the Corporation.

16. Section 409A

(a) The Plan is intended to comply and shall be interpreted and construed in a manner consistent with the provisions of Section 409A. Any Plan provision that would cause amounts allocated to a Deferred Account to be subject to Federal income tax prior to payment shall be void without the necessity of further action by the Board or the Personnel and Compensation Committee.

(b) There shall be no acceleration of the time or schedule of any payment under the Plan except under Section 6 or as permitted under Section 409A. There shall be no subsequent deferral of the time or schedule of any payment under the Plan except as allowed under Section 4A.

(c) All references to Section 409A in the Plan shall also refer to Notice 2005-1 (as applicable to periods prior to January 1, 2007) and Treasury regulations (as applicable to periods after December 31, 2006).

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by its President and the Director has hereunto set his hand and seal as of the date first written.

		KAMAN CORPORATION
/s/ Cyndra S. Lewis	By:	/s/ Candace A. Clark
		Candace A. Clark Its Vice President Duly Authorized
/s/ Joann Thompson		/s/ Robert Alvine
		Director

<u>NOTICE OF ELECTION TO DEFER DIRECTOR’S COMPENSATION</u>

Calendar Year 2007

To: Kaman Corporation
P.O. Box 1
Bloomfield, Connecticut 06002-0001
Attention: Robert M. Garneau, Executive Vice President

Subject to the Agreement between the undersigned, and Kaman Corporation, dated December ___, 2006, the undersigned hereby elects:

1. To defer cash compensation for services as a director earned on or after January 1, 2007 as follows:

Retainer Fee: Amount of compensation to be deferred:
All ______
None _____
The following portion or percentage ______

Meeting Fee: Amount of compensation to be deferred:
All ______
None _____
The following portion or percentage ______

Other Fees: Amount of compensation to be deferred:
All _____
None _____
The following portion or percentage ______

2. To have such sums earned on or after January 1, 2007 and credited to his/her Deferred Compensation Account paid as follows:

____ Lump Sum
____ Quarterly installments over a period of _____ years (Note - this period cannot be longer than ten (10) years.)

3. To have payments with respect to amounts deferred on or after January 1, 2007 be made or commence on:

____ The first day of the calendar quarter following the date of cessation of service as a director.
____ January 1 following the date of cessation of service as a director.

4. In the event of death, the undersigned designates the following beneficiary:

____

Witness	Name:
	Date
Received by Kaman Corporation:	
Date	Name

Exhibit 13

FIVE—YEAR SELECTED FINANCIAL DATA
KAMAN CORPORATION AND SUBSIDIARIES
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS, SHAREHOLDERS AND EMPLOYEES)

	2006[1,4]	2005[1,2,3,4,8]	2004[1,5]	2003[1,6,8]	2002[1,7,8]
OPERATIONS					
Net sales	**$ 1,206,154**	$ 1,101,196	$ 995,192	$ 894,499	$ 880,776
Cost of sales	**873,868**	814,385	770,285	671,591	723,176
Selling, general and administrative expense	**275,110**	256,241	239,368	206,416	199,520
Net (gain) loss on sale of product lines and other assets	**52**	27	(199)	(18,163)	(2,299)
Restructuring costs	**—**	—	—	—	8,290
Other operating income	**(2,253)**	(2,214)	(1,731)	(1,448)	(1,302)
Operating income (loss)	**59,377**	32,757	(12,531)	36,103	(46,609)
Interest expense, net	**6,179**	3,046	3,580	3,008	2,486
Other expense, net	**919**	860	1,053	1,265	1,831
Earnings (loss) before income taxes	**52,279**	28,851	(17,164)	31,830	(50,926)
Income tax benefit (expense)	**(20,493)**	(15,823)	5,342	(12,425)	17,325
Net earnings (loss)	**31,786**	13,028	(11,822)	19,405	(33,601)
FINANCIAL POSITION					
Current assets	**$ 477,920**	$ 458,808	$ 450,335	$ 418,851	$ 414,245
Current liabilities	**198,337**	223,276	226,105	160,555	157,094
Working capital	**279,583**	235,532	224,230	258,296	257,151
Property, plant and equipment, net	**54,165**	51,592	48,958	51,049	61,635
Total assets	**630,413**	598,497	562,331	528,311	535,540
Long-term debt	**72,872**	62,235	18,522	36,624	60,132
Shareholders’ equity	**296,561**	269,754	284,170	303,183	291,947
PER SHARE AMOUNTS					
Net earnings (loss) per share - basic	**$ 1.32**	$ .57	$ (.52)	$ .86	$ (1.50)
Net earnings (loss) per share - diluted	**1.30**	.57	(.52)	.86	(1.50)
Dividends declared	**.50**	.485	.44	.44	.44
Shareholders’ equity	**12.28**	11.28	12.48	13.40	13.00
Market price range - High	**25.69**	24.48	15.49	14.91	18.81
- Low	**15.52**	10.95	10.71	9.40	9.42
AVERAGE SHARES OUTSTANDING					
Basic	**24,036**	23,038	22,700	22,561	22,408
Diluted	**24,869**	23,969	22,700	23,542	22,408
GENERAL STATISTICS					
Registered shareholders	**4,468**	4,779	5,192	5,509	5,634
Employees	**3,906**	3,712	3,581	3,499	3,615

Included within certain annual results are a variety of unusual or significant adjustments that may affect comparability. The most significant of such adjustments are described below as well as within Management’s Discussion and Analysis and the Notes to Consolidated Financial Statements.

1. Cost of sales includes charges for the Australia SH-2G(A) helicopter program as follows: 2006 - $9,701; 2005 - $16,810; 2004 - $5,474; 2003 - $0; 2002 - $27,413.
2. Results for 2005 include $8,265 of expense for the company’s stock appreciation rights, $3,339 for legal and financial advisory fees associated with the recapitalization and $6,754 recovery of previously written off amounts for MD Helicopters, Inc. (MDHI).
3. The effective tax rate for 2005 was 54.8 percent, which was unusually high principally due to the non-deductibility of expenses associated with stock appreciation rights and the company’s recapitalization.
4. Average shares outstanding for 2006 and 2005 increased principally due to the completion of the recapitalization in November 2005.
5. Results for 2004 include the following adjustments: $20,083 (including $18,211 negative sales adjustments and $1,872 increase in bad debt reserve) related to the company’s investment in MDHI programs; $7,086 non-cash adjustment for the Boeing Harbour Point program; $3,507 warranty reserve for two product warranty related issues and $3,471 non-cash adjustment related to the University of Arizona matter.
6. The company sold its Electromagnetics Development Center during 2003 which resulted in a pre-tax gain of $17,415.
7. Cost of sales for 2002 includes the write-off of K-MAX inventories and fixed assets of $50,000 and Moosup facility assets of $2,679.
8. Results include the activity of certain significant entities from date of acquisition as follows: 2005 - Musicorp; 2003 - Industrial Supplies, Inc.; and 2002 - Latin Percussion, Inc., RWG Frankenjura-Industrie Flugwerklager GmbH, Dayron, majority equity interest in Delamac de Mexico S.A. de C.V.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

KAMAN CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide readers of our consolidated financial statements with the perspectives of management. The MD&A presents in a narrative form our financial condition, results of operations, liquidity and certain other factors that may affect our future results. This will allow our shareholders to obtain a comprehensive understanding of our businesses, strategies, current trends and future prospects. Our MD&A is presented in seven sections:

I. Overview of Business
II. Executive Summary
III. Results of Operations
IV. Liquidity and Capital Resources
V. Critical Accounting Estimates
VI. Contractual Obligations and Off-Balance Sheet Arrangements
VII. Recent Accounting Standards

Our MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes included in this Annual Report.

I. OVERVIEW OF BUSINESS

Kaman Corporation is composed of three business segments: Aerospace, Industrial Distribution, and Music.

AEROSPACE SEGMENT

This segment has four operating units: Aerostructures, Fuzing, Helicopters and Kamatics.

The Aerostructures Division produces aircraft subassemblies and other parts for commercial and military airliners and helicopters. Its principal customers are Boeing and Sikorsky Aircraft Corporation. Operations involving the use of metals are conducted principally at the company's Jacksonville, Florida facility, while operations involving composite materials are conducted principally at the company's Wichita, Kansas (Plastic Fabricating Company) facility.

The Fuzing Division manufactures products for military and commercial markets, primarily related to military safe, arm and fuzing devices for several missile and bomb programs; as well as precision non-contact measuring systems for industrial and scientific use; and high reliability memory systems for airborne, shipboard, and ground-based programs. Principal customers include the U.S. military, Boeing, Lockheed Martin and Raytheon. In September 2006, the division assumed responsibility for the company’s Electro-Optics Development Center (EODC). Operations are conducted at the Middletown, Connecticut, Orlando, Florida (Dayron) and Tucson, Arizona (EODC) facilities.

The Helicopters Division markets its helicopter engineering expertise and performs subcontract programs for other manufacturers. It also refurbishes, provides upgrades and supports Kaman SH-2G maritime helicopters operating with foreign militaries as well as K-MAX® “aerial truck” helicopters operating with government and commercial customers in several countries. The SH-2G aircraft is currently in service with the Egyptian Air Force and the New Zealand and Polish navies. Operations are primarily conducted at the Bloomfield, Connecticut facility.

Operations for the Kamatics subsidiary are conducted at the Bloomfield, Connecticut and Dachsbach, Germany (RWG) facilities. Kamatics primarily manufactures proprietary self-lubricating bearings used in aircraft flight controls, turbine engines and landing gear in Bloomfield. These bearings are currently used in nearly all military and commercial aircraft in production in North and South America and Europe and are market-leading products for applications requiring a highly sophisticated level of engineering and specialization in the airframe bearing market. Kamatics also manufactures market leading proprietary power transmission couplings for helicopters and other applications in Bloomfield and custom designed and manufactured rolling element and self-lubricating bearings at RWG for aerospace applications.

INDUSTRIAL DISTRIBUTION SEGMENT

The Industrial Distribution segment is the third largest power transmission/motion control industrial distributor in North America. We provide services and products including bearings, electrical/mechanical power transmission, fluid power, motion control and materials handling components to a broad spectrum of industrial markets throughout North America. Our locations consist of nearly 200 branches, distribution centers and call centers across the United States and in Canada and Mexico. We offer almost two million items, as well as value-added services, to a base of more than 50,000 customers representing a highly diversified cross-section of North American industry.

MUSIC SEGMENT

The Music segment is the largest independent U.S. distributor of musical instruments and accessories, offering more than 20,000 products for amateurs and professionals. Our premium branded products, many of which are brought to the market on an exclusive basis, and our market-leading business-to-business systems for our customer base of over 10,000 retailers nationwide, contribute to the performance of the business. Our array of fretted instruments includes proprietary products, such as the Ovation® and Hamer® guitars, as well as premier products including Takamine® guitars, which are distributed in the United States under an exclusive distribution agreement. We offer an extended line of percussion products and accessories through Latin Percussion®, the leading supplier of hand percussion instruments. Additionally, our exclusive distribution agreements with Gretsch® drums, Sabian® cymbals, and most recently with Elixir® Strings, along with our own CB®, Toca® and Gibraltar® lines, have further enhanced our array of products offered.

While the vast majority of our sales are to North American customers, we continue to build our presence in key international markets including Europe, Asia, South America and Australia. Operations are headquartered in Bloomfield, Connecticut and conducted from manufacturing plants in New Hartford, Connecticut and Scottsdale, Arizona, and strategically placed warehouse facilities that primarily cover the North American market.

II. EXECUTIVE SUMMARY

The following is a summary of key events that occurred during 2006:

- The company experienced record consolidated net sales for 2006 of $1.2 billion, an increase of 9.5 percent over 2005, with the Kamatics subsidiary and the Industrial Distribution segment generating record sales for 2006.

- The Aerospace segment and Industrial Distribution segment experienced record operating income for 2006.

- Net earnings were $31.8 million, or $1.30 per share diluted, compared to net earnings for 2005 of $13.0 million, or $0.57 per share diluted.

- Our net earnings increased in 2006 as compared to 2005 due in significant part to higher sales volume, increased gross profit and continued focus on controlling operating expenses.

- We completed our first full year of operations since recapitalizing into a single class of voting stock in November 2005.

- The Aerospace segment continued to improve profitability through operating efficiencies and further developed its relationships with key customers including Sikorsky, Boeing and Airbus, which resulted in the broadening of our business base.

- In the fourth quarter of 2006, the U.S. Air Force released production for Option 4 of the Joint Programmable Fuze (JPF) program. This Option, valued at $39.6 million, is in addition to other JPF contract modifications signed during 2006 totaling $38.9 million.

- During the year, as the company continued to work with our customer towards completion of the Australian SH-2G(A) program, we recorded an additional $9.7 million loss accrual related to incremental anticipated costs to complete the contract.

- The Industrial Distribution segment has continued to win new business with two prestigious, nationally known companies, and maintained its current customer base with successful renewals of all of its major agreements that were due to expire during 2006.

- As the Music segment has worked to finalize the plan to consolidate our 2005 Musicorp acquisition, we have also increased our market presence as well as our ability to provide service to our national and mid to small size customers.

III. RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

The following table presents certain financial results of the company and its business segments:

In millions, except per share data		2006		2005		2004
Net sales						
Aerospace	$	**326.0**	$	288.0	$	252.4
Industrial Distribution		**665.4**		621.9		581.8
Music		**214.8**		191.3		161.0
Total net sales	$	**1,206.2**	$	1,101.2	$	995.2
% change		**9.5%**		10.7%		11.3%
Gross profit	$	**332.3**	$	286.8	$	224.9
% of net sales		**27.5%**		26.0%		22.6%
Selling, general & administrative expenses (S,G&A)	$	**275.1**	$	256.2	$	239.4
% of net sales		**22.8%**		23.3%		24.1%
Operating income (loss)	$	**59.4**	$	32.8	$	(12.5)
% of net sales		**4.9%**		3.0%		(1.3)%
Interest expense, net		**(6.2)**		(3.0)		(3.6)
Other expense, net		**(0.9)**		(0.9)		(1.1)
Net earnings (loss)	$	**31.8**	$	13.0	$	(11.8)
Net earnings (loss) per share - basic	$	**1.32**	$	.57	$	(.52)
Net earnings (loss) per share - diluted		**1.30**		.57		(.52)

Note - all percentages in the MD&A are calculated based upon financial information in thousands.

CONSOLIDATED RESULTS

NET SALES

For 2006, total consolidated net sales increased $105.0 million as compared to 2005. Each of our three business segments experienced growth in sales during 2006 as compared to 2005. Of the total sales, 77.2 percent or $81.0 million was internally generated as a result of strong commercial and military aerospace markets and moderate growth in many of the industries to which the Industrial Distribution segment provides product. The remaining 22.8 percent or $24.0 million was a result of the 2005 Musicorp acquisition.

Total consolidated sales increased $106.0 million in 2005 compared to 2004. The growth in sales is mainly due to internally generated sales of $77.3 million, primarily attributable to a variety of factors including an improving economic environment in the Aerospace industry as well as continued stability in most of the markets in which the Industrial Distribution segment participates. The acquisition of Musicorp produced $28.7 million of the 2005 sales increase.

GROSS PROFIT

Total gross profit increased $45.5 million or 15.9 percent in 2006 compared to 2005. The 2006 gross profit includes $9.7 million in charges related to additional anticipated costs on the Australia helicopter program as compared to $16.8 million in 2005. These charges have resulted in lower gross profit for both years, which affects period over period comparisons. Both the 2006 and 2005 charges were offset by an increase in overall gross profit, primarily due to higher sales volume, at the other Aerospace operating units and Industrial Distribution and Music segments. The 2005 gross profit also includes a recovery of $4.6 million related to certain amounts due from MD Helicopters, Inc. (MDHI) that were written off in 2004. Gross profit as a percentage of sales (gross margin) has improved by 1.5 percentage points during 2006 primarily as a result of increased efficiencies, higher sales volume and a growing business base at most of the Aerospace segment operating units as well as continued focus on gross margin improvement in the Industrial Distribution segment.

For 2005, total gross profit increased $61.9 million or 27.5 percent compared to 2004. The increase in gross profit was primarily driven by sales growth in all three segments. Additionally there were a variety of one-time negative adjustments, totaling $41.6 million, recorded during 2004 related to the MDHI and Boeing Harbour Pointe contracts and the University of Arizona/EODC contract that resulted in lower gross profit for that year.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Total selling, general and administrative expenses as a percent of net sales decreased 0.5 percentage points in 2006 compared to 2005. This was due to greater sales volume as well as lower corporate expenses during 2006. Total S,G&A increased $18.9 million or 7.4 percent in 2006 compared to 2005. S,G&A expense in our three reporting segments increased $26.4 million offset by a $7.5 million decrease in corporate expense. The changes were specifically due to the following items:

- Aerospace segment S,G&A increased 21.9 percent or $8.9 million primarily due to increased commission expense as a result of higher sales volume, and higher personnel costs due to an increase in headcount, salary increases as well as an increase in pension expense. Additionally, during 2005 the Helicopters Division recorded a recovery of $2.2 million of bad debt expense related to MDHI.

- Industrial Distribution segment S,G&A expense increased 8.3 percent or $10.6 million primarily due to expenses related to higher sales volume, an increase in pension expense and higher personnel costs partially attributable to an increase in headcount due to new branch openings.

- Music segment S,G&A expense increased 15.5 percent or $6.9 million substantially all of which reflects a full year of Musicorp S,G&A expense in 2006. Without the Musicorp expenses, total S,G&A would have increased 3.2 percent, primarily due to higher personnel costs including salaries and health care benefits, as well as additional bad debt expense during 2006.

- The decrease in corporate expense is primarily driven by a $7.2 million decrease in stock appreciation rights (SAR) expense due to (a) fewer SARs outstanding at the end of 2006 compared to 2005 and (b) less volatility in the company's stock price during 2006 as compared to 2005. Additionally, during 2005 the company incurred legal and financial advisory fees of $3.3 million related to the recapitalization as compared to an insurance recovery related to this matter of $0.5 million in 2006. The decrease in these expenses was slightly offset by higher personnel costs as well as higher stock compensation expense of $1.1 million due to the adoption of SFAS 123(R).

Total S,G&A expense increased 7.0 percent or $16.8 million for 2005 compared to 2004 primarily due to the following items:

- Corporate expenses increased 48.8 percent or $14.0 million. The increase in corporate expenses during 2005 compared to 2004 related principally to $8.3 million in SAR expense. There was also an increase in incentive compensation expense, which was essentially offset by a decrease in supplemental employees retirement plan expenses during 2005. Additionally, 2005 corporate expenses included $3.3 million in legal and financial advisory fees related to the recapitalization.

- Overall S,G&A expense for the Aerospace segment decreased 16.9 percent or $8.2 million. The decrease was partially attributable to lower personnel costs for certain operating units as well as additional operational efficiencies. There were several non-recurring items that caused the S,G&A in 2004 to be higher than normal and the S,G&A in 2005 to be lower than normal. These included certain non-recurring severance costs of $2.0 million associated with realignment of the Aerospace segment’s management team incurred during 2004. Additionally, during 2005 the Helicopters Division reversed $2.2 million of bad debt expense recorded in 2004 related to MDHI.

- S,G&A expense for the Industrial Distribution segment increased 3.8 percent or $4.7 million. The increase in expenses was primarily due to increased personnel costs including annual payroll increases as well as additions to headcount in 2005. Pension expense also increased $1.6 million in 2005.

- S,G&A expense for the Music segment increased 16.4 percent or $6.3 million. The increase was primarily due to Musicorp S,G&A expenses of $5.5 million. Without the Musicorp expenses, total S,G&A would have increased 2.1 percent in 2005 compared to 2004. This increase would have correlated with the slight increase in sales attributable to the Music segment without Musicorp.

OPERATING INCOME

For 2006, operating income increased $26.6 million or 81.3 percent compared to 2005. The improved operating income for 2006 was primarily attributable to stronger operating results in the Aerospace segment driven by the currently strong aerospace industry, as well as lower charges related to the Australia program. The Industrial Distribution segment’s moderate sales growth, resulting from further market penetration and a stable economy, was also a primary driver in the increased operating income. The decrease in corporate S,G&A expense discussed above also contributed substantially to the improvement in operating income in 2006. Music segment operating income decreased as consumer spending slowed during 2006. The 2005 operating income includes the recovery of $6.8 million of previously written off MDHI program investments.

Operating income increased $45.3 million to $32.8 million for 2005 compared to an operating loss of $12.5 million for 2004. The Aerospace segment contributed $33.3 million of operating income to 2005 results as compared to a loss of $14.3 million in 2004. The 2004 results included negative adjustments of $41.6 million involving various aspects of the Aerospace segment as previously disclosed. Industrial Distribution segment operating income increased $10.1 million for 2005 compared to 2004 while the Music segment operating income increased $1.9 million primarily as a result of the August 2005 acquisition of Musicorp. These increases in operating income more than offset the previously discussed increase in corporate expenses.

ADDITIONAL CONSOLIDATED RESULTS

Net interest expense increased 102.9 percent to $6.2 million for 2006 compared to $3.0 million for 2005. Net interest expense generally consists of interest charged on the revolving credit facility and the convertible debentures offset by interest income. The increase is primarily due to higher average borrowings, as well as higher interest rates charged on borrowings during 2006 as compared to 2005. Additionally, net interest expense for 2005 included receipts of $0.9 million for interest payments from MDHI on past due amounts.

Net interest expense decreased 14.9 percent to $3.0 million for 2005 compared to $3.6 million for 2004. The decrease was the net result of (a) higher interest rates charged on borrowings in 2005 resulting in an additional $0.4 million in interest expense and (b) an increase in interest income as a result of the $0.9 million of interest payments received from MDHI in 2005.

For 2006, the effective income tax rate is 39.2 percent as compared to the effective tax rate of 54.8 percent for 2005. The higher tax rate in 2005 arose principally from the non-deductibility of expenses associated with SARs and the company's recapitalization. The effective income tax benefit for 2004 was 31.1 percent. The effective tax rate represents the combined federal, state and foreign tax effects attributable to pretax earnings for the year.

OTHER MATTERS

As more fully discussed in our 2005 Annual Report, on November 3, 2005, the company completed the recapitalization of its capital stock. The recapitalization replaced the company's previously existing dual class common stock structure (Class A non-voting common and Class B voting common, $1 par value each) with one class of voting common stock, $1 par value. As a result of the recapitalization, $13.9 million in cash was paid and 1,498,851 shares of common stock were issued in exchange for 667,814 shares of Class B voting common stock.

AEROSPACE SEGMENT

The following table presents selected financial data for the Aerospace segment:

In millions		**2006**		2005		2004
Net sales	**$**	**326.0**	$	288.0	$	252.4
% change		**13.2%**		14.1%		0.5%
Operating income	**$**	**48.1**	$	33.3	$	(14.3)
% of net sales		**14.8%**		11.6%		(5.7)%
% change		**44.6%**		332.7%		(196.3)%

NET SALES

Net sales for the Aerospace segment represent 27.0 percent and 26.1 percent of the total consolidated sales for 2006 and 2005, respectively. The segment has four operating units: Aerostructures, Fuzing, Helicopters and the Kamatics subsidiary. In the paragraphs that follow you will find further information with respect to sales growth and significant programs for these four operating units.

OPERATING INCOME

Operating income for 2006 increased $14.9 million. The 2006 results included a $9.7 million charge recorded for the Australian SH-2G(A) program as compared to $16.8 million of such charges in 2005. The increases in sales volume at the Aerostructures Division, Fuzing Division and the Kamatics subsidiary were the primary drivers for the increase in operating profit for the total segment. The Aerostructures Divison's Jacksonville facility continued to improve on its business base principally as a result of the Sikorsky cockpit program. The Fuzing Divison's Middletown location experienced a higher volume of shipments of both memory and fuzing products. The 2005 operating income includes the recovery of $6.8 million of previously written off MDHI program investments.

The Aerospace segment contributed $33.3 million of operating income to 2005 results as compared to a loss of $14.3 million in 2004. This change was primarily due to Kamatics' increased sales volume, favorable product mix and cost control activities. The 2005 operating income included the recovery of $6.8 million related to MDHI. Results for 2004 included $41.6 million in negative adjustments involving various aspects of the Aerospace segment as previously reported.

2006 AEROSPACE SEGMENT TRENDS

THE MARKET
Both the commercial and military aerospace markets were strong during 2006 and it is anticipated that this positive trend will continue through 2007. Several major prime contractors are anticipating a large amount of shipments of commercial and military aircraft over the next few years.

OUR STRATEGY
Before 2005, our Aerospace segment was one in which many of our activities were designed to support our prime helicopter operations. We were not able to compete effectively in our target markets in part due to higher operating expenses as a result of a lower than sufficient business base. In 2005, the Aerospace segment realigned and created separate divisions within the Aerospace segment. This realignment allowed for greater transparency and accountability through a more focused management structure. This realignment along with upgrades to our facilities, lean initiatives and strategic positioning as a subcontractor to the prime aerospace contractors has allowed us to build our business base and develop our reputation as a lower cost, high quality domestic partner. We have been able to successfully build upon several key programs, which are discussed in the following paragraphs.

AEROSTRUCTURES DIVISION

In millions	**2006**	2005	2004
Net sales	**$ 78.7**	$ 55.0	$ 45.4
% change	**43.2%**	21.2%	5.3%

Net sales increased $23.7 million and $9.6 million for 2006 and 2005, respectively, for the Aerostructures Division. The largest driver of the increase in sales for both 2006 and 2005 is the contract with Sikorsky for the production of cockpits for the BLACK HAWK helicopter. Other key drivers include higher shipments to Boeing, most notably for the 777 program, based on an increase in Boeing's commercial aircraft production.

AEROSTRUCTURES - MAJOR PROGRAMS

The Sikorksy helicopter program, the Boeing 777 program, and the Boeing C-17 wing structure assembly program comprise the Aerostructures Division's major programs. During the year, the multi-year contract with Sikorsky ramped up at the Jacksonville facility. This program includes installation of all wiring harnesses, hydraulic assemblies, control pedals and sticks, seat tracks, pneumatic lines, and the composite structure that holds the windscreen for several models of cockpit for the BLACK HAWK helicopter. This program could lead to the fabrication of approximately 350 units and have a total value of approximately $100.0 million or more depending upon which models are ultimately ordered. The original order, which was received in late 2004, covered 80 cockpits. In the third quarter of 2006, Sikorsky ordered an additional 30 cockpits bringing the total order to 110 cockpits. Management estimates that both orders will be fully delivered by mid-2007. In February 2007, the division received a follow on order for an additional 176 cockpits consisting of various models. Management anticipates that deliveries on this 2007 order will continue through 2008. As production on this program ramped up throughout 2006, sales have increased and profitability has improved. A total of 72 cockpits have been delivered under this contract from inception to date. This program could lead to follow on work for the manufacturing of additional cockpits as well as other work for the customer. Our performance on this program has also provided our Helicopters Division opportunities to work with Sikorsky.

Work continued on the production of structural wing subassemblies for the Boeing C-17. This long-term program has been an important element in helping to maintain a sufficient business base at the Jacksonville facility. The program was originally scheduled to conclude in mid-2007 with the completion of the 180^{th} aircraft. Recently, Boeing informed the division that the program will continue for a minimum of 22 additional shipsets, extending deliveries through the end of 2008.

Throughout 2006, the division has continued to work toward increasing operational efficiencies through process improvement and lean initiatives. The Jacksonville facility has clearly benefited from these efforts and we are developing our reputation as a low cost, high quality subcontractor for the aerospace prime manufacturer community. We are continuing these efforts at both our Jacksonville facility and our Plastic Fabricating Company (PlasticFab) facility in Wichita.

In early 2006, Spirit AeroSystems awarded PlasticFab a $15.0 million multi-year contract for production of the composite flight deck floor for the Boeing 787 Dreamliner and Shenyang Aircraft Corporation awarded Plasticfab a $20.5 million multi-year contract for the manufacture of metal and composite bonded panels for the same aircraft. Additionally, the facility was awarded a $6.7 million contract from Sikorsky to manufacture and assemble composite tail rotor pylons for its MH-92 helicopters. In late 2006, PlasticFab shipped its first parts for both the Shenyang and Spirit programs and production on all three of these programs is expected to ramp up during 2007 and 2008. We are working with our customers to ensure that these new contracts are brought on line effectively in order to meet scheduling requirements and customer expectations. We are focused on attracting and retaining qualified personnel in order to be able to effectively carry out the new work that we have been awarded and continue to support our legacy aircraft composite programs.

FUZING DIVISION

In millions	**2006**	2005	2004
Net sales	**$ 71.1**	$ 64.1	$ 63.0
% change	**10.9%**	1.7%	18.2%

In September 2006, the company announced the assignment of responsibility for our Electro-Optics Development Center (EODC) to the Fuzing Division. As a result of this realignment, the net sales for the Fuzing Division now include EODC sales of $3.4 million, $5.7 million and $6.2 million for 2006, 2005 and 2004, respectively. Total Fuzing Division net sales increased $7.0 million and $1.1 million for 2006 and 2005, respectively. The increase in sales for 2006 is primarily due to higher production volume and shipments at the Middletown, CT facility for its legacy fuzing programs as well as higher shipments on the JPF program at the Dayron facility. These positive operating results were partially offset by a decrease in sales on the 40MM programs due to production interruptions in early 2006 that continued through mid 2006. The slight increase in sales in 2005 was attributable to additional fuzing and memory and measuring systems sales activity at the Middletown, CT facility. For 2005, sales at the Dayron facility remained relatively flat due to a delay in the delivery of product for certain programs, partially due to certain manufacturing issues impacting the JPF program.

FUZING - MAJOR PROGRAMS

Dayron continued to produce fuzes under its contract with the U.S. Air Force for the advanced FMU-152A/B Joint Programmable Fuze (JPF). The current total value of JPF contracts awarded by the U.S. Government from inception to date is $116.6 million, which includes the fourth quarter 2006 exercise of Option 4 under this program. This value primarily consists of Options 1 through 4 under the original contract and various contract modifications, including a two-phase facilitization contract modification, additional foreign military sales facilitated by the U.S. Government, as well as a variety of development and engineering contracts, along with special tooling and test equipment. Delivery requirements under Option 1 were completed during mid-2006 and management anticipates delivery of the remaining fuzes under Option 2 in the first quarter of 2007. Contractual delivery requirements under this program currently extend into late 2008.

Throughout 2006 the division worked through a variety of issues related to the JPF manufacturing process that have in the past resulted in, and may in the future result in, periodic interruptions of program production. The division continues to work on diagnosing and correcting technical issues, strengthening the reliability of its supply chain, and improving material flow on the JPF program in order to meet production requirements. The division has also worked on production system improvements throughout the year although the various production interruptions that have sporadically occurred have created operational inefficiencies. Management believes that we have made significant progress on many of these matters and believes most of them are now behind us.

The facilitization program that is currently underway is an important element of our strategy to improve our quality and efficiency on this program. The Phase 2 facilitization project will result in, among other things, a second JPF production line at the division's Middletown facility. This program provides us an opportunity to review production workflow to create greater efficiencies. Management expects that the facilitization program will be completed in late 2007. Additionally, as the JPF product has continued to develop in the market, the division is focused on further marketing of the JPF to foreign allied militaries. Foreign sales are important to the ultimate success of the program. Overall, we believe that profitability will improve as progress is made relative to operating efficiencies, as deliveries to the U.S. military increase and as further orders are received from foreign militaries.

HELICOPTERS DIVISION

In millions	**2006**	2005	2004
Net sales	**$ 69.9**	$ 76.7	$ 66.9
% change	**(8.8)%**	14.5%	(24.6)%

Helicopters Division net sales decreased $6.8 million for 2006 compared to 2005. Net sales for 2005 increased $9.8 million compared to 2004. The decrease in net sales for 2006 is primarily attributable to lower K-MAX aircraft sales. In 2006, the division sold only one K-MAX aircraft, the last available K-MAX aircraft, as compared to four aircraft having been sold in 2005. The sale of the last K-MAX also signaled the end of the division’s aircraft lease revenue stream. This decrease was partially offset by new work that the Helicopters Division performed for Sikorsky during 2006. The 2005 increase is partially attributable to $6.0 million in additional sales of K-MAX as compared to 2004. Additionally, the 2004 sales are net of a non-cash sales adjustment for $18.2 million for the division’s MDHI contracts whereas 2005 results include $4.6 million of sales to MDHI.

HELICOPTERS - SH-2 PROGRAMS

Work continued on the SH-2G(A) program for Australia throughout 2006. This program involves the remanufacture of eleven helicopters with support, including a support services facility, for the Royal Australian Navy (RAN). The combined contracts have a current anticipated value of $762.6 million. The helicopter production portion of the program is valued at $612.7 million, essentially all of which has been recorded as sales through 2006. The associated in-service support center contract has a current anticipated value of $149.9 million of which 45 percent has been recorded as sales through the end of 2006.

During 2006, the division made significant progress toward completion of the requirements of the 1997 production contract with the Commonwealth of Australia by performing Formal Qualification Testing (FQT) of the Integrated Tactical Avionics System (ITAS). During this time, the division also worked with the Commonwealth to resolve previously reported flight safety questions that resulted in grounding of the aircraft early in 2006, and management believes that the cause of the safety concern has been rectified. The Commonwealth also continued to develop additional work scope related to its aircraft certification requirements, which would involve development and testing of new software and hardware requirements for the automatic flight control system. The division has provided a proposal to perform the additional work, which could take up to approximately twenty-nine months.

Meanwhile, the company awaits the result of a previously reported review by the Commonwealth's Minister of Defence regarding the possibility of pursuing an alternative to the Kaman program. The company believes that its program is the most efficient and cost effective method to achieve the Royal Australian Navy's operational needs.

While these activities are ongoing, in January 2007, the Commonwealth also initiated the process that is provided for under the contract to resolve disputes (which would begin with discussions between the parties and could ultimately result in arbitration). The parties subsequently agreed to stop that process and mutually waive, for the present, the expiration of any statute of limitations periods that might be involved in the dispute. The Commonwealth's principal assertions are that the helicopters have not been delivered in a timely manner and the design of the helicopter, particularly the automatic flight control system, is inadequate from a safety perspective. Management believes that its obligations to the Commonwealth under the program are being performed and the design of the SH-2G(A) is safe and proper as demonstrated by the significant operational history of this aircraft type with several countries, including the United States. Management intends to continue its efforts to work with the Commonwealth to develop a satisfactory path forward to complete the SH-2G(A) program, which may include the additional work discussed above.

Continued cost growth on this contract has required additional charges to the contract loss reserve including a $1.9 million charge recorded in the fourth quarter of 2006. Charges recorded for 2006 related to this program total $9.7 million compared to $16.8 million recorded during 2005, of which $2.5 million was recorded during the fourth quarter of 2005. This production contract has been in a loss position since 2002. The remaining accrued contract loss as of the end of 2006 is $11.3 million. This contract loss accrual continues to be monitored and adjusted as necessary to reflect the anticipated cost of completing the contract.

At the conclusion of this contract, the company anticipates filing a claim for a refund with the IRS for look-back interest which management believes may be in excess of $5.0 million pretax. During 2006, the company recorded $0.2 million in look-back interest income related to the New Zealand SH-2G program. Look-back interest income relates to the timing of taxes paid on contract profit recognized in prior periods. Management’s policy is to record this interest income or expense when the contract is completed as defined under IRS regulations.

The division is also continuing work under a program to provide depot level maintenance for SH-2G(E) helicopters delivered to the government of Egypt during the 1990s. Through December 2006, the total estimated value of the program was $7.3 million and the division had completed work on three of the aircraft. Work on the fourth aircraft commenced in August and it is anticipated that it will be completed in May 2007. In early January 2007, the division received authorization for $1.8 million for depot level maintenance on a fifth aircraft.

HELICOPTERS - OTHER MAJOR PROGRAMS

In July 2006, the Helicopters Division received a $3.1 million contract modification from the Army Material Research Development and Engineering Command for follow-on work associated with development of the BURRO Unmanned Resupply Helicopter, utilizing the K-MAX. The funding covers work to enhance features of the flight and mission management system and to support BURRO participation in Army demonstrations. Separately, BURRO was selected to participate in an Army-sponsored demonstration at Ft. Benning, Georgia in November 2006, during which promising new technologies were being evaluated for rapid introduction into the Army. The results of the Army’s evaluation are expected in early 2007.

The division continues to support K-MAX helicopters that are operating with customers. At the end of 2006, the division maintained $19.3 million of K-MAX inventory, which consisted of spare parts.

The Helicopters Division began to perform subcontract work for Sikorsky in 2006, specifically fuselage joining and installation tasks related to the BLACK HAWK helicopter as well as providing certain mechanical subassemblies for Sikorsky. This exposure to a new customer is creating the potential for additional business opportunities for the division.

KAMATICS

In millions	**2006**	2005	2004
Net sales	**$ 106.3**	$ 92.2	$ 77.1
% change	**15.2%**	19.7%	17.0%

Net sales for the Kamatics subsidiary include RWG Frankenjura-Industrie Flugwerklager GmbH, the company's German aircraft bearing manufacturer. Both Kamatics and RWG achieved record sales for 2006 with total sales increasing $14.1 million. The increase is a result of a higher volume of shipments to our customers in the commercial jet liner market, the commercial aftermarket, regional jet market and the commercial engine market. For 2005, net sales increased $15.1 million, which was primarily attributable to more shipments of bearing products to Boeing as well as to Airbus and other customers in both the commercial and military sectors.

KAMATICS - MAJOR PROGRAMS

Several key customers, including Boeing and Airbus, have been significant contributing factors to Kamatics' operating results. Kamatics continues to concentrate on maintaining delivery schedules, as well as actively seeking additional sales opportunities and working toward further market penetration. The company's continued focus on process improvement and enhancing operating efficiencies allows it to manage the additional order activity and backlog. In order to meet production requirements, Kamatics added 25,000 square feet of plant space at the Bloomfield facility during the fourth quarter, representing an approximate 20 percent increase in production space. Additionally, the company has an additional 10,000 square feet under construction scheduled for occupancy in the second quarter of 2007.

In December 2006, Kamatics was awarded the Pratt & Whitney Gold Supplier Award. Kamatics is one of only nine Pratt & Whitney Gold Supplier companies worldwide.

WARRANTY MATTERS

The company has two warranty-related matters that primarily impact the FMU-143 program at the Dayron facility. The first item involves a supplier's recall of a switch embedded in certain bomb fuzes. The second item involves bomb fuzes manufactured for the U.S. Army utilizing systems which originated before Dayron was acquired by Kaman that have since been found to contain an incorrect part. The U.S. Army Sustainment Command (USASC), the procurement agency that administers the FMU-143 contract, had authorized the warranty rework in the late 2004/early 2005 timeframe, however the company had not been permitted to finish the work due to issues raised by the USASC primarily related to administrative matters and requests for verification of the accuracy of test equipment (which accuracy was subsequently verified). On December 27, 2006, the USASC notified the company that it was changing its remedy under the warranty clause from correction of the non-conforming fuzes to an "equitable adjustment" of the contract price in the amount of $6.9 million. The company believes that the USASC is unjustified in attempting to make this change and has responded to that effect to the USASC. The parties are following the procedure established by the contract and if the USASC determines that it will not accept a rework of the fuzes, the company intends to appeal the decision.

As previously disclosed, in March 2005 the U.S. Attorney's Office for the Middle District of Florida and the Defense Criminal Investigative Service (DCIS) initiated an investigation into the second warranty matter. Dayron has cooperated fully with the authorities, working to resolve the matter in a mutually satisfactory manner. As of the date of this report, the company has not received any notification from the authorities regarding resolution of the investigation.

On June 29, 2005, the company notified its two affected customers of a non-conforming part that may have an impact on certain aircraft panels manufactured by the Aerostructures facility in Wichita, Kansas, beginning in September 2002. As a result of this matter, the company recorded a warranty accrual of $1.0 million during 2005, in anticipation of incurring its estimated share of certain costs to manufacture replacement panels and install them on certain aircraft. As of December 31, 2006, the company had a $0.7 million accrual remaining related to this matter.

OTHER AEROSPACE MATTERS

As previously reported, a jury verdict was reached on May 17, 2006 in the company's breach of contract suit against the University of Arizona. The jury found in favor of Kaman on its claim that the University breached the contract between the parties and also found in favor of Kaman and against the University on the University's counterclaim for breach of contract. No damages were awarded to either party. The University has appealed the jury verdict to the Arizona Court of Appeals and management currently expects a decision from the court of appeals sometime during 2007.

On July 31, 2006, the company submitted an Offer to Purchase (OTP) to NAVAIR and the General Services Administration to purchase the portion of the Bloomfield campus that the company currently leases from NAVAIR and has operated for several decades for the principal purpose of performing U.S. government contracts. Currently, the OTP is valid through July 31, 2007 and is subject to negotiation of terms mutually acceptable to the company and the government that include, in consideration for the transfer of title, the company's assumption of responsibility for environmental remediation at the facility as necessary to meet the requirements of state law that will apply upon the transfer. As of the date of this report, the company is in discussions with the U.S. government regarding these terms and the company anticipates that the process may take several more months. Thereafter, upon completion of the government's final approval processes and requirements, the company anticipates that transfer of title to the property will take place. In preparation for this, the company is in discussions with the Connecticut Department of Environmental Protection (CTDEP) in order to define the scope of such remediation.

In preparation for disposal of the Moosup, Connecticut facility, CTDEP has given the company conditional approval for reclassification of groundwater in the vicinity of the facility consistent with the character of the area. The company has substantially completed the process of connecting neighboring properties to public drinking water in accordance with such approval and in coordination with the CTDEP and local authorities. The company anticipates that this project will be completed in 2007.

INDUSTRIAL DISTRIBUTION SEGMENT

In millions	**2006**	2005	2004
Net sales	**$ 665.4**	$ 621.9	$ 581.8
% change	**7.0%**	6.9%	16.9%
Operating income	**$ 35.2**	$ 29.4	$ 19.3
% of net sales	**5.3%**	4.7%	3.3%
% change	**19.5%**	52.1%	52.6%

NET SALES

The Industrial Distribution segment has continued its trend and generated record sales for the third consecutive year. This segment represents 55.2 percent of total 2006 net sales compared to 56.5 percent for 2005. The increase in sales is primarily due to steady growth in all the regions and most of the markets in which we participate. Specifically, the strongest performance related to continued strength in the mining, chemical and energy sectors in the West region. The Central and East region generated steady growth throughout the year specifically in the food processing industry and the original equipment manufacturing (OEM) sectors.

The increase in net sales in 2005 represented steady growth, partially as a result of new national accounts, despite higher energy costs and the hurricanes in the southern region of the country. During 2005, there was strength in the building materials, mining and chemical industries specifically related to demand in the Central and West regions in the United States.

OPERATING INCOME

In 2006, the Industrial Distribution segment experienced record operating income for the second consecutive year. The increase in operating income was primarily driven by the 7.0 percent increase in sales volume, which generated an additional $7.7 million of operating income. Further margin improvements as a result of a variety of margin control programs and higher rebate income for 2006 also contributed to the increase year over year. Higher personnel costs related to salary increases as well as additions to headcount due to branch openings, and increased pension expense offset these improvements to some extent. The increase in operating income for 2005 was also largely driven by an increase in sales volume (6.9 percent), which resulted in an additional $8.3 million in operating income. Additionally, for both 2006 and 2005, favorable economic conditions, new national accounts and continued focus on operating efficiencies were factors in achieving these record results.

2006 TRENDS

THE MARKET
Because of our diverse customer base, our performance tends to track the U.S. Industrial Production Index. We are therefore affected, to a large extent, by the overall business climate of our customer industries, which includes plant capacity utilization levels, and the effect of pricing spikes and/or supply interruptions for basic commodities such as steel and oil. The Industrial Production Index remained stable during 2006 although there are signs of softening in various industries including the building industry with respect to new home construction as well as the automotive industry. Global demand for basic materials such as scrap steel, coal, cement and copper continued to outpace supply in 2006, which resulted in longer lead times and impacted our ability to provide certain products to our customers.

OUR STRATEGY
In order to meet the demands of our customers, we need to stay focused on maintaining competitive pricing as well as providing value added services that save our customers money and time while helping them become more efficient and productive. Our strategy to accomplish this is through offering solutions for inventory management control procedures, process improvements, e-commerce capabilities and customer production enhancements. The segment's size and scale of operations also allows us to realize internal operating efficiencies as well as take strategic advantage of vendor incentives in the form of rebates. Management believes that we have the appropriate platforms, including technology, systems management and customer and supplier relationships, to compete effectively in our portion of the highly diversified industrial distribution industry. We are currently working to further improve our technology in order to continue to meet our customers' growing needs. It is important that we have the appropriate qualified personnel to undertake these challenges and capitalize on opportunities and we continue to work at attracting and retaining well-qualified people.

Our business is one in which the three top players, including Kaman, are all adding market share due to both consolidation in the ranks of distributors and the inclination of the larger manufacturers to concentrate their purchases through national account arrangements. In late 2006, the segment was awarded two new major contracts with prestigious, nationally known companies, one of which will be one of the segment's largest accounts. Additionally, the segment succeeded in renewing all of its major agreements that were expiring.

In 2006, new branches were opened in Austin, Texas; Greenville, South Carolina; LaGrange, Georgia; and Topeka, Kansas and in 2007 we have plans for several more branches partially as a result of the new contracts we won in 2006, which will further expand our geographic footprint. We also continue to look for additional opportunities in new markets, particularly the coal mining, oil exploration and petroleum production industries. Additionally, we continue to explore for potential acquisition candidates. Our long-term strategy is to grow the segment by expanding into additional areas that enhance our ability to compete for large regional and national customer accounts. By so doing, we will more clearly establish our business as one that can provide all levels of service to our customers who are continually focused on the streamlining of purchasing operations and consolidation of supplier relationships.

MUSIC SEGMENT

In millions		**2006**		2005		2004
Net sales	**$**	**214.8**	$	191.3	$	161.0
% change		**12.2%**		18.8%		10.7%
Operating income	**$**	**11.6**	$	13.0	$	11.1
% of net sales		**5.4%**		6.8%		6.9%
% change		**(11.2)%**		17.4%		16.6%

NET SALES

The Music segment represented 17.8 percent and 17.4 percent of total net sales for 2006 and 2005, respectively. For 2006, the increase in net sales was attributable to sales at Musicorp, which had sales of $52.6 million in 2006. Excluding Musicorp sales for both 2006 and 2005, Music segment sales remained relatively flat year over year. During 2006, there was a general softening in the market primarily driven by lower consumer spending potentially as a result of lower discretionary income. In 2005, the increase in net sales was attributable to the acquisition of Musicorp, which had sales of $28.7 million after August 5, 2005, the date of acquisition.

OPERATING INCOME

Operating income for the Music segment decreased 11.2 percent for 2006 compared to 2005. Despite the increase in sales year over year, the additional gross profits generated by the incremental sales were not sufficient to cover the additional operating expenses that were incurred during 2006. During 2006, the segment also experienced an increase in bad debt expense due to customer bankruptcies that occurred during the year. Operating income increased 17.1 percent in 2005 compared to 2004. The increase was driven by the additional operating income from the acquisition of Musicorp. Without the Musicorp results, operating income would have decreased slightly in part due to pricing pressures in the competitive hand percussion market. Also, margins were slightly lower as a larger potion of our sales was with national accounts. This trend has continued through 2006.

2006 TRENDS

THE MARKET
2006 was a challenging year for most businesses that participate in the Music Industry. The trend of consolidation in the retail market continued. The large retail chains continue to grow while the smaller retailers appear to be losing market share to these large musical instrument chains. There is an emerging trend involving non-musical instrument retailers selling lower end musical products that has created additional competition in an already challenging industry. The music industry is strongly affected by consumer sentiment. Overall for the year, consumer confidence was down due to a variety of factors. These factors include higher gas prices, higher interest rates on housing and credit cards, higher credit card minimum payments, as well as a slowing in the housing market. These events have led to lower discretionary income and thus lower consumer spending. Additionally, selling used musical instruments on the Internet appears to have become more convenient and prevalent in the recent past. This trend may have also had a negative effect on musical instrument retailer sales. The segment’s mid to smaller sized customers appear to be affected the most by this trend, which has a greater impact on Musicorp results due to their overall customer base. At the same time, recent bankruptcies by two of the segment’s national retailers appear to be an indicator that even the larger national retailers are at risk in this slow consumer spending market.

OUR STRATEGY
A principal strategy of the segment over the past several years has been to add popular premier branded products that can be brought to market exclusively by the segment to build upon our market position. The added value that the segment brings as the largest independent U.S. distributor has allowed us to secure such arrangements. During 2006, the segment converted our distribution agreement with Sabian Cymbals into an exclusive contract, expanding an important product offering to proprietary brand status. Additionally effective January 1, 2007, Elixir Strings selected the segment as its exclusive U.S. distributor.

2006 marked the first full year of Musicorp operations as part of the Music segment. Throughout the year, the segment made significant progress in its efforts to reduce redundant costs in order to maintain profitability. Management believes that the effect of these efforts will be more fully realized in 2007 and thereafter. The closing of the Dallas location, the final warehouse scheduled to be closed at this time, will occur in March 2007. The segment is now focused on cross selling its premier proprietary products, including Sabian Cymbals and Elixir Strings, to the Musicorp customer base.

As discussed above, the continued industry trend toward consolidation in the retail market has led to growth in the very large retail chains. The concentration of sales to these large customers is increasing and this has led to increased pricing pressures. Management’s strategy has been to build upon its competitive advantages by creating and maintaining industry-leading distribution systems and the computerized business-to-business capabilities that large national retailers increasingly require. Although our national accounts are important contributors to our sales volume, the segment also continues to support its traditional base of mid to small retailers. We have utilized the advantage of our sophisticated, large-scale business systems and have created a proprietary software system link to our inventories for our customer base of several thousand retailers ranging from the industry’s largest national chains, which require such systems, to the smallest neighborhood music stores, which gain the benefit of greater efficiency.

IV. LIQUIDITY AND CAPITAL RESOURCES

DISCUSSION AND ANALYSIS OF CASH FLOWS - 2006

In millions	**2006**	2005	$ Change	% Change	2004
Total cash provided by (used in)					
Operating activities	**$ 6.8**	$ 42.8	$ (36.0)	(84.1)%	$ 29.9
Investing activities	**(15.7)**	(40.6)	24.9	61.4%	(10.4)
Financing activities	**8.4**	(1.6)	10.0	637.5%	(14.4)
Increase (decrease) in cash	**(0.5)**	0.6	(1.1)	(178.3)%	5.1

Management assesses the company's liquidity in terms of its ability to generate cash to fund operating, investing and financing activities. Significant factors affecting liquidity include: cash flows generated from or used by operating activities, capital expenditures, investments in the business segments and their programs, acquisitions, divestitures, dividends, adequacy of available bank lines of credit, and factors which might otherwise affect the company's business and operations generally, as described below under the heading “Forward-Looking Statements”.

The primary sources of our liquidity are cash flow from operations and borrowings under our revolving credit agreement. Although the company’s operating results have improved during 2006, we continue to rely significantly upon borrowings in order to fund our working capital requirements as well as certain investing and financing activities. During 2006, our working capital needs have continued to increase primarily as a result of delays in the completion of the Australian SH-2G(A) program and resolution of productivity issues at the Dayron facility. Going forward, we believe that bank borrowings will continue to provide an important source of support for the company's activities. We believe that our current revolving credit agreement, which was recently expanded by $50 million, to a total of $200 million, along with cash generated from operating activities, will be sufficient to support our anticipated future liquidity requirements.

OPERATING ACTIVITIES

Net cash provided by operating activities decreased $36.0 million for 2006 compared to 2005. Additional cash used for working capital requirements primarily drives the decrease in cash provided by operating activities. The Helicopters Division as well as the Fuzing Division primarily drove these working capital requirements for 2006. Additionally there was an increase in accounts receivable as a result of higher sales in the fourth quarter of 2006 compared to the fourth quarter of 2005 as well as a higher level of uncollected progress billings for certain Aerospace contracts. Additional uses of cash in operating activities relate to payment of costs related to the Australia SH-2G(A) program as well as other loss contracts, including the Boeing Harbour Pointe contract, on which the company worked during 2006. The company anticipates spending an additional $11.3 million to fund the completion of the Australia program. This amount has been recorded as an accrued contract loss as of December 31, 2006.

INVESTING ACTIVITIES

Net cash used in investing activities decreased $24.9 million for 2006 compared to 2005. In 2005, the company paid approximately $29.0 million for the acquisition of Musicorp whereas there were no acquisitions during 2006. This decrease is offset to some extent by a greater amount of capital expenditures during 2006 principally as a result of the expansion of the Kamatics’ facility as well as additional machinery and equipment capital expenditures for other operating units within the Aerospace segment.

FINANCING ACTIVITIES

Net cash provided by financing activities was $8.4 million during 2006 as compared to net cash used in financing activities of $1.6 million for 2005. In the fourth quarter of 2005, the company paid $13.9 million to certain former Class B common shareholders in connection with the recapitalization. The company's net borrowing at December 31, 2006 was $74.4 million which consisted of long-term debt and notes payable as compared to $64.8 million at December 31, 2005. The 2006 borrowings were primarily to fund working capital requirements whereas the 2005 borrowings were primarily to fund the acquisition of Musicorp and the recapitalization.

DISCUSSION AND ANALYSIS OF CASH FLOWS - 2005 AND 2004

Net cash provided by operating activities increased $12.9 million in 2005 as compared to 2004. The increase was partially due to an increase in earnings from operations primarily attributable to increased sales and operating income for each of our segments. Total cash received increased during 2005 primarily due to higher sales volume and the collection of $24.9 million of amounts due associated with the Aerospace segment’s SH-2G(A) helicopter program. Also favorably impacting cash flows during 2005 was the collection of $7.2 million of payments from MDHI. These cash inflows were offset by cash outflows related to the payment of expenses associated with loss contracts, in particular the SH-2G(A) program. Although this also occurred in 2004, the volume of such payments during 2005 was substantially more than the payments made during 2004. Additionally, there was considerably more stock appreciation rights activity in 2005 than in 2004.

Net cash used in investing activities increased $30.2 million during 2005. The increase is primarily due to the $29.0 million paid in connection with the acquisition of Musicorp. Capital expenditures were $9.9 million during 2005 as compared to $7.5 million in 2004. The increase was partially due to additional purchases of machinery and equipment at Kamatics to support the additional sales volume.

Net cash used in financing activities decreased $12.9 million in 2005 as compared to 2004. The company borrowed approximately $29.0 million in long-term debt primarily to fund the acquisition of Musicorp during the third quarter of 2005. In association with the recapitalization, the company paid $13.9 million to certain former Class B common shareholders. The company also paid $6.3 million related to notes payable during 2005 as compared to receiving cash inflow of $1.2 million during 2004. Additionally, the company increased its quarterly dividend by 13.6 percent during the second quarter of 2005. This resulted in total dividends paid of $10.7 million in 2005 as compared to $10.0 million in 2004.

FINANCING ARRANGEMENTS

As of December 31, 2006,the company had a $150 million revolving credit facility (Revolving Credit Agreement) expiring August 4, 2010. The facility includes the availability of funding in foreign currencies as well as an “accordion” feature that provides the company the opportunity to request, subject to bank approval, an expansion of up to $50 million in the overall size of the facility. In January 2007, the company activated the accordion thereby expanding the Revolving Credit Agreement to $200 million. In conjunction with this exercise, the credit agreement was amended to add another $50 million accordion feature for possible future activation bringing the total potential arrangement to $250 million. The facility is expected to be sufficient to support the company's anticipated operating, investing and financing activity for at least the next 12 months.

Total average bank borrowings for 2006 were $79.9 million compared to $49.5 million for 2005 and $51.6 million for 2004. As of December 31, 2006, there was $65.7 million available for borrowing under the Revolving Credit Agreement. Letters of credit are generally considered borrowings for purposes of the Revolving Credit Agreement. A total of $26.3 million in letters of credit were outstanding under the Revolving Credit Agreement at December 31, 2006, $19.8 million of which is related to the Australia SH-2G(A) program. The letter of credit for the production portion of the Australia program has a balance of $16.0 million, the majority of which is expected to remain in place until the first fully capable aircraft is accepted by the RAN.

Facility fees and interest rates under the Revolving Credit Agreement are determined on the basis of the company's credit rating from Standard & Poor's. In January 2007, Standard & Poor's re-affirmed the company rating as investment grade BBB- with an outlook of stable. Management believes that this is a favorable rating for a company of our size. Under the terms of the Revolving Credit Agreement, if this rating should decrease, the effect would be to increase facility fees as well as the interest rates charged. The financial covenants related to the Revolving Credit Agreement include a requirement that the company have i) EBITDA, at least equal to 300 percent of net interest expense, on the basis of a rolling four quarters and ii) a ratio of consolidated total indebtedness to total capitalization of not more than 55 percent. The agreement also incorporates a financial covenant which provides that if the company's EBITDA to net interest expense ratio is less than 6 to 1, the ratio of i) accounts receivable and inventory for certain Kaman subsidiaries to ii) the company's consolidated total indebtedness cannot be less than 1.6 to 1. The company remained in compliance with those financial covenants as of and for the year ended December 31, 2006.

OTHER SOURCES/USES OF CAPITAL

At December 31, 2006, the company had $16.4 million of its 6 percent convertible subordinated debentures outstanding. The debentures are convertible into shares of common stock at any time on or before March 15, 2012 at a conversion price of $23.36 per share, generally at the option of the holder. Pursuant to a sinking fund requirement that began March 15, 1997, the company redeemed $1.7 million of the outstanding principal of the debentures each year through 2005. During 2006, several debenture holders elected to convert their bonds to shares of common stock, resulting in the company issuing 12,871 shares of common stock for the conversion of 301 debentures. As a result of these conversions, the company redeemed only $1.6 million of the outstanding principal of the debentures in 2006 and will continue to do so each year going forward.

In November 2000, the company's board of directors approved a replenishment of the company's stock repurchase program, providing for repurchase of an aggregate of 1.4 million common shares for use in administration of the company's stock plans and for general corporate purposes. As of December 31, 2006, a total of 269,611 shares had been repurchased since inception of this replenishment program. There were no shares repurchased during 2006.

We plan to record pension expense of approximately $9.6 million and make a cash contribution of $9.9 million to our tax-qualified defined benefit pension plan for the 2007 plan year. This is based upon the asset value of the pension trust fund as of December 31, 2006. For the 2006 plan year, we expensed approximately $12.5 million and made a contribution of $9.8 million, of which $2.5 million was paid in January 2007, to our tax-qualified defined benefit pension plan. This was based upon the asset value of the pension trust fund as of December 31, 2005.

V. CRITICAL ACCOUNTING ESTIMATES

The company’s significant accounting policies are outlined in Note 1 to the Consolidated Financial Statements. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and related disclosures based upon historical experience, current trends and other factors that management believes to be relevant. We are also responsible for evaluating the propriety of our estimates, judgments, and accounting methods as new events occur. Actual results could differ from those estimates. Management periodically reviews the company’s critical accounting policies, estimates, and judgments with the Audit Committee of our Board of Directors. The most significant areas currently involving management judgments and estimates are described below.

LONG TERM CONTRACTS - REVENUE RECOGNITION

For long term contracts in the Aerospace segment, the company generally recognizes sales and income based on the percentage-of-completion method of accounting which allows for recognition of revenue as work on a contract progresses. We recognize sales and profit based upon either (1) the cost-to-cost method, in which profit is recorded based upon a ratio of costs incurred to estimated total costs to complete the contract, or (2) the units-of-delivery method, in which sales are recognized as deliveries are made and cost of sales is computed on the basis of the estimated ratio of total cost to total sales.

Management performs detailed quarterly reviews of all of our long-term contracts. Based upon these reviews, we record adjustments in profit estimates each period. When total estimated costs exceed total estimated revenue to be earned, the company records a provision for the entire anticipated contract loss at that time.

The percentage-of-completion method requires that we estimate future revenues and costs over the life of a contract. Revenues are estimated based upon the original contract price, with consideration being given to exercised contract options, change orders and in some cases projected customer requirements. Contract costs may be incurred over a period of several years, and the estimation of these costs requires significant judgment based upon the acquired knowledge and experience of program managers, engineers, and financial professionals. Estimated costs are based primarily on anticipated purchase contract terms, historical performance trends, business base and other economic projections. The complexity of certain programs as well as technical risks and the availability of materials and labor resources could affect the company's ability to estimate future contract costs. A significant change in an estimate on one or more programs could have a material effect on our financial position or results of operations.

For example, the company is required to make estimates and assumptions related to its completion of the SH-2G(A) helicopter program with the RAN. Estimating the ultimate total costs of this program has been challenging primarily due to the complexity of the development of the ITAS software and its integration into the aircraft, the time and effort needed to complete the formal qualification testing, as well as changes in the work scope that have been made periodically throughout the program by the RAN. These items have continued to delay final acceptance of the first fully functional aircraft. These technical difficulties have also delayed customer payments. During 2006, the company recorded an additional $9.7 million accrued contract loss to provide for additional anticipated costs for the completion of the contract, principally related to formal qualification testing. While we believe the accrued contract loss is sufficient to cover estimated costs to complete the program, management will continue to monitor the program and adjust the program loss, if necessary.

Although our arrangement with the RAN is currently our largest contract, there are other contracts that management believes could have a significant impact on our financial position including the JPF program and the Sikorsky BLACK HAWK program. Both of these programs ramped up during 2006, which led to an increase in sales. These programs are an important element in the continuing strategy to increase operating efficiencies and profitability as well as broaden our business base. Management continues to monitor and update program cost estimates quarterly for these contracts.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The company has three types of accounts receivables: (a) Trade receivables, which consist of amounts billed and currently due from customers; (b) U.S. Government contract receivables, which consist of (1) amounts billed and (2) costs and accrued profit earned but not yet billable under the terms of the contract; and (c) Commercial and other government contract receivables, which also includes (1) amounts billed and (2) costs and accrued profit earned but not yet billable under the terms of the contract. Trade receivables typically relate to products sold by the Industrial Distribution and Music segments for which the sales occur generally upon shipment of the product. Contract receivables typically relate to balances due under a long-term contractual arrangement in which there are progress or milestone billings in accordance with the terms of a contract.

The allowance for doubtful accounts represents management's best estimate of probable losses inherent in the receivable balance. These estimates are based on known past due amounts and historical write-off experience, as well as trends and factors impacting the credit risk of specific customers. In an effort to identify adverse trends for trade receivables, we perform ongoing reviews of account balances and the aging of receivables. Amounts are considered past due when payment has not been received within a pre-determined time frame based upon the credit terms extended. For our government and commercial contracts, we evaluate, on an ongoing basis, the amount of recoverable costs. The recoverability of costs is evaluated on a contract by contract basis based upon historical trends of payments, program viability and the customer's credit-worthiness.

As of December 31, 2006 and 2005, our allowance for doubtful accounts was 1.7 percent and 1.9 percent of gross receivables of $192.7 million and $179.7 million, respectively. Receivables written off, net of recoveries, in 2006 and 2005 were $1.0 million and $1.1 million, respectively. Write-offs are charged directly against the allowance for doubtful accounts only after we have exhausted all collection efforts. Actual write-offs and adjustments could differ from the allowance estimates due to unanticipated changes in the business environment as well as factors and risks associated with specific customers. During 2005, the company had a favorable adjustment to its allowance for bad debts of $2.2 million related to the recovery of MDHI receivables that were reserved for during 2004.

The largest component of accounts receivable earned but not billed relates to the SH-2G(A) program. As of December 31, 2006, the company had $41.3 million of costs not billed which will be due and payable as the Aerospace segment satisfactorily completes the Australian SH-2G(A) program. When these costs are ultimately billed to the RAN, they will be offset by the application of $7.5 million of contract advances previously paid to the company by the RAN. We anticipate that $11.3 million will be required to fund completion of the program, which amount is reported as an accrued contract loss as of December 31, 2006.

INVENTORY VALUATION

We have four types of inventory (a) Merchandise for resale, (b) Contracts in process, (c) Other work in process, and (d) Finished goods.

Merchandise for resale is stated at the lower of the cost of the inventory or fair market value. Contracts in process, other work in process and finished goods are valued at production cost comprised of material, labor and overhead, including general and administrative expenses where applicable. Contracts in process, other work in process, and finished goods are reported at the lower of cost or net realizable values. The company includes raw material amounts in the contracts in process and other work in process balances. Raw material includes certain general stock materials but primarily relates to purchases that were made in anticipation of specific programs that have not been started as of the balance sheet date. The amount of total raw material included in these in process amounts is less than 10 percent of the total inventory balance.

The process for evaluating inventory obsolescence or market value issues often requires the company to make subjective judgments and estimates concerning future sales levels, quantities and prices at which such inventory will be sold in the normal course of business. We adjust our inventory by the difference between the estimates and the actual cost of our inventory to arrive at net realizable value. Changes in estimates of future sales volume may necessitate future write-downs of inventory value. Overall, management believes that our merchandise for resale is not highly susceptible to obsolescence.

Inventory valuation at the Industrial Distribution and Music segments generally requires less subjective management judgment than the valuation of certain Aerospace segment inventory. Specifically, based upon a market evaluation performed in 2002, the Aerospace segment wrote down its K-MAX inventory by $46.7 million in that year. The K-MAX inventory balance, consisting of work in process and finished goods, was $19.3 million as of December 31, 2006 and $22.5 million as of December 31, 2005. We believe that it is stated at net realizable value, although lack of demand for spare parts in the future could result in additional write-downs of the inventory value. Management reviews the K-MAX inventory balance on an annual basis and determines if any additional write downs are necessary.

VENDOR INCENTIVES

The company’s Industrial Distribution segment enters into agreements with certain vendors providing for inventory purchase rebates that are generally earned upon achieving specified volume-purchasing or sales levels. The rebate percentages may increase or decrease based upon the amount of inventory purchased or sold annually. Each program is analyzed and reviewed each quarter to determine the appropriateness of the projected annual rebate. Historically, differences between our estimates and actual rebates subsequently received have not been material.

To the extent that the segment has inventory on hand that qualifies for specific rebate programs, the recognition of the rebate is generally deferred until the inventory is sold. The segment recognizes these incentives as a reduction of cost of sales. Although management believes that we will continue to receive vendor incentives, there is no assurance that our vendors will continue to provide comparable amounts of rebates in the future. Also, management cannot estimate whether we will continue to utilize the vendor programs at the same level as in prior periods.

GOODWILL AND INTANGIBLE ASSETS

Goodwill and certain intangible assets that have indefinite lives are evaluated at least annually for impairment. All intangible assets are also reviewed for possible impairment whenever changes in conditions indicate that carrying value may not be recoverable. The annual evaluation is performed during the fourth quarter, based on the initial annual forecast information. The identification and measurement of goodwill impairment involves the estimation of fair value of the reporting unit as compared to its carrying value. The company determines fair value of our reporting units by utilizing discounted cash flow models. Management’s estimates of fair value are based upon factors such as projected sales and growth rates, discount rate to reflect the risk inherent in future cash flows, and other elements requiring significant judgments. We utilize the current available information regarding present industry and economic conditions and future expectations to prepare our estimates and perform impairment evaluations.

The carrying value of goodwill and other indefinite lived intangibles was $70.7 million and $68.5 million as of December 31, 2006 and 2005, respectively. Based upon its annual evaluation, management has determined that there has been no impairment; however, actual results could differ significantly from the most recent forecasts, which might result in the future impairment of recorded goodwill and other intangible asset balances. Based upon our analysis, a 1.0 percentage point increase in the discount rate used would not have resulted in any goodwill impairment. Additionally, a 10 percent decrease in the fair value of our reporting units also would not have resulted in any goodwill impairment.

LONG TERM INCENTIVE PROGRAMS

The company maintains the 2003 Stock Incentive Plan, which provides for equity compensation awards, including principally incentive and non-statutory stock options, restricted stock, stock appreciation rights, and long term incentive program (LTIP) awards. In addition, the 2003 Plan contains provisions intended to qualify the plan under Section 162(m) of the Internal Revenue Code of 1986, as amended.

On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)) related to accounting for share-based payments and, accordingly, we are now recording compensation expense for share-based awards based upon an assessment of the grant date fair value of the awards. The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. A number of assumptions are used to determine the fair value of options granted. These include expected term, volatility of the options and the risk free interest rate.

EXPECTED TERM: The expected term for options represents an estimate of the period of time the stock options are expected to remain outstanding and is generally based upon an analysis of the historical behavior of stock option holders during the period from 1995 through 2005.

VOLATILITY: The volatility assumption is based on the historical daily price data of the company's stock over a period equivalent to the weighted-average expected term of the options. Management evaluated whether there were factors during that period which were unusual and which would distort the volatility figure if used to estimate future volatility and concluded that there were no such factors.

RISK-FREE RATE: The risk-free interest rate assumption is based upon the interpolation of various U.S. Treasury rates determined at the date of option grant. Expected dividends are based upon a historical analysis of our dividend yield over the past year.

Restricted stock awarded to employees is included in earnings as an expense over the vesting period of the award. Stock appreciation rights awarded to employees are also included in earnings over the graded vesting period of the award. Similar to our stock options, a fair value assessment is performed on stock appreciation rights. Unlike options, stock appreciation rights expense is subject to increase or decrease based upon the fluctuation of the market price of the shares each period.

LTIP awards provide certain senior executives an opportunity to receive award payments in either stock or cash as determined by the Personnel and Compensation Committee of the company's Board of Directors in accordance with the Plan, at the end of a three-year performance cycle. For the performance cycle, the company's financial results are compared to the Russell 2000 indices for the same periods based upon the following: (a) average return on total capital, (b) earnings per share growth and (c) total return to shareholders. No awards will be payable unless the company's performance is at least in the 25th percentile of the designated indices. The maximum award is payable if performance reaches the 75^{th} percentile of the designated indices. Performance between the 25th and 75th percentiles is determined by straight-line interpolation.

In order to estimate the liability related to the LTIP awards, management must make assumptions as to how our current performance compares to current Russell 2000 data based upon the Russell 2000's historical results. This analysis is performed on a quarterly basis. When sufficient Russell 2000 data for the current year is available, which typically will not be until April or May of the following year, management will adjust the liability to reflect the current best estimate of the total award. Actual results could significantly differ from management's estimates. The total liability as of December 31, 2006 is $6.4 million. A 10.0 percentage point increase in the total performance factor earned would result in a reduction of pretax earnings by $0.4 million for 2006.

PENSION PLANS

The company maintains a qualified defined benefit pension plan for its full-time U.S. employees (with the exception of certain acquired companies that have not adopted the plan) as well as a non-qualified Supplemental Employees Retirement Plan (SERP) for certain key executives. Expenses and liabilities associated with each of these plans are determined based upon actuarial valuations. Integral to these actuarial valuations are a variety of assumptions including expected return on plan assets, discount rate and rate of increase in compensation levels. Management regularly reviews these assumptions in consultation with our external actuaries. Our assumptions are updated at the measurement date, December 31^{st}, and are disclosed in Note 14 to the Consolidated Financial Statements included in this Annual Report. In accordance with generally accepted accounting principles, the impact of differences between actual results and the assumptions are accumulated and generally amortized over future periods, which will affect expense recognized in future periods.

Management believes that two assumptions, the discount rate and the expected rate of return on plan assets, are important elements of expense and/or liability measurement.

The discount rate represents the interest rate used to determine the present value of future cash flows currently expected to be required to settle the pension obligation. For 2006, management reviewed the Citigroup Pension Discount Curve and Liability Index to determine the appropriateness of our discount rate assumptions. This index was designed to provide a market average discount rate to assist plan sponsors in valuing the liabilities associated with postretirement obligations. The Citigroup index is a hypothetical double A yield curve represented by a series of annualized individual discount rates. Each bond issue underlying the Citigroup index is required to have a rating of Aa or better by Moody's Investors Services, Inc. or a rating of AA or better by Standard & Poor's. Additionally, we reviewed the change in the general level of interest rates since the last measurement date noting that overall rates have increased since 2005.

Based upon this information, management has used a 5.85 percent discount rate as of December 31, 2006 for the qualified benefit pension plan. This rate takes into consideration the population of our pension plan and the anticipated payment stream as compared to the Citigroup index and rounds the results to the nearest fifth basis point. For the SERP, management used the same methodology as the pension plan and derived a discount rate of 5.60 percent for the benefit obligation. The difference in the discount rates is due to the average age of the population of the pension plan as compared to that of the SERP. The qualified defined pension plan and SERP used a discount rate of 5.75 percent in 2005 for purposes of calculating the benefit obligation. A lower discount rate increases the present value of benefit obligations and increases pension expense. A one-percentage point decrease in the assumed discount rate would have increased annual pension expense in 2006 by $6.6 million. A one-percentage point increase in the assumed discount rate would have decreased annual pension expense in 2006 by $4.3 million.

The expected long-term rate of return on plan assets represents the average rate of earnings expected on the funds invested to provide for anticipated benefit payments. The expected return on assets assumption is developed based upon several factors. Such factors include current and expected target asset allocation, our historical experience of returns by asset class type, a risk premium and an inflation estimate. Our actuaries assist us in analyzing the foregoing factors. A lower expected rate of return on pension plan assets will increase pension expense. The expected return on plan assets was 8.0 percent for both December 31, 2006 and 2005. A one percentage point increase/decrease in the assumed return on pension plan assets assumption would have changed annual pension expense in 2006 by approximately $3.7 million.

Effective December 31, 2006, the company adopted Statement of Financial Accounting Standards No. 158 (SFAS 158), "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements Nos. 87, 88, 106, and 132(R)". SFAS 158 requires that we recognize the overfunded or underfunded status of our defined benefit plans, calculated as the difference between our plan assets and the projected benefit obligation, as an asset or liability in our 2006 year-end balance sheet, with changes in the funded status recognized through comprehensive income in the year in which they occur. Prior to the adoption of SFAS 158, the company was required to maintain a minimum funding liability based upon the accumulated benefit obligation. The impact of the adoption of SFAS 158 is more fully discussed in Note 14 to the Consolidated Financial Statements.

INCOME TAXES

Tax laws in certain of our operating jurisdictions require items to be reported for tax purposes at different times than the items are reflected in our financial statements. Some of these differences are permanent, such as expenses which are never deductible on our tax returns such as the recapitalization costs incurred during 2005, and some are temporary differences, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax returns in future years for which we have already recorded the tax benefit in our financial statements. Deferred tax liabilities generally represent tax expense recognized in our financial statements for which payment is not yet due or the realized tax benefit of expenses we have already reported in our tax returns, but have not yet recognized as expense in our financial statements.

As of December 31, 2006 the company had recognized $39.2 million of net deferred tax assets, net of valuation allowances. The realization of these benefits is dependent in part on future taxable income. For those foreign countries or U.S. states where the expiration of tax loss or credit carry forwards or the projected operating results indicates that realization is not likely, a valuation allowance is provided. Management believes that sufficient income will be earned in the future to realize deferred income tax assets, net of valuation allowances recorded. The realization of these deferred tax assets can be impacted by changes to tax laws, statutory tax rates and future taxable income levels.

Our effective tax rate was 39.2 percent for 2006. Our effective tax rate is based on expected or reported income or loss, statutory tax rates, and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. We establish reserves when, despite our belief that our tax return positions are valid and defensible, we believe that certain positions may not prevail if challenged. We adjust these reserves in light of changing facts and circumstances, such as the progress of a tax audit or changes in tax legislation. Our effective tax rate includes the impact of reserve provisions and changes to reserves that we consider appropriate. This rate is then applied to our quarterly operating results. In the event that there is a significant unusual or one-time item recognized in our operating results, the tax attributable to that item would be separately calculated and recorded at the same time as the unusual or one-time item.

VI. CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

CONTRACTUAL OBLIGATIONS

The following table summarizes certain of the company's contractual obligations as of December 31, 2006:

Payments due by period (in millions)

Contractual Obligations	Total	Within 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	$ 74.4	$ 1.6	$ 3.1	$ 61.1	$ 8.6
Interest payments on debt (A)	22.5	6.6	8.5	5.1	2.3
Operating leases	49.1	17.5	19.6	7.9	4.1
Purchase obligations (B)	145.1	86.2	28.2	21.1	9.6
Other long-term obligations (C)	20.3	5.3	5.7	1.7	7.6
Planned funding of pension and SERP (D)	49.8	14.8	22.2	1.6	11.2
Total	**$ 361.2**	**$ 132.0**	**$ 87.3**	**$ 98.5**	**$ 43.4**

Note: For more information refer to Note 10, Credit Arrangements-Short-Term Borrowing and Long-Term Debt; Note 16, Commitments and Contingencies; Note 15, Other Long-Term Liabilities; and Note 14, Pension Plans in the Notes to Consolidated Financial Statements of this Annual Report.

The following assumptions have been used to derive the disclosed amounts:

(A) Interest payments on debt within one year are based upon the long-term debt that existed at December 31, 2006. After one year interest payments are based upon average estimated long-term debt balances outstanding each year.

(B) This category includes purchase commitments with suppliers for materials and supplies as part of the ordinary course of business, consulting arrangements and support services. Only obligations in the amount of at least fifty thousand dollars are included.

(C) This category includes obligations under the company's long-term incentive plan, deferred compensation plan and a supplemental disability income arrangement for one former company officer.

(D) This category includes planned funding of the company's supplemental employees' retirement plan and qualified defined benefit pension plan. Projected funding for the qualified defined benefit pension plan beyond one year has not been included as there are several significant factors, such as the future market value of plan assets and projected investment return rates, which could cause actual funding requirements to differ materially from projected funding.

OFF-BALANCE SHEET ARRANGEMENTS

The following table summarizes the company's off-balance sheet arrangements:

	PAYMENTS DUE BY PERIOD (IN MILLIONS)				
OFF-BALANCE SHEET ARRANGEMENTS	TOTAL	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Outstanding commercial letters of credit	$ 1.4	$ 1.4	$ -	$ -	$ -
Acquisition earn-outs [1]	5.9	2.7	0.6	1.3	1.3
Total	$ 7.3	$ 4.1	$ 0.6	$ 1.3	$ 1.3

1: The obligation to pay earn-out amounts depends upon the attainment of specific milestones for Dayron, an operation acquired in 2002.

The company currently maintains $26.3 million in outstanding standby letters of credit under the Revolving Credit Agreement. Of this amount, $19.8 million is attributable to the Australia SH-2G(A) program. These letters of credit were issued to secure payments received in advance on the contract from the customer, the Royal Australian Navy. The letters of credit that relate to the production portion of the contract, approximately $16.0 million, will remain in place until final acceptance of the first fully capable aircraft occurs. The remaining $6.5 million relates to letters of credit related to the company's estimate of workers compensation claims incurred. Management does not currently anticipate making any payments against the outstanding letters of credit.

VII. RECENT ACCOUNTING STANDARDS

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109", which clarifies the methodology for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The company is required to adopt FIN 48 on January 1, 2007, and the cumulative effect on net assets of such adoption is not expected to be material.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (SFAS 157), "Fair Value Measurements," which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. We are currently evaluating the impact of SFAS 157, but do not expect the adoption of SFAS 157 to have a material impact on our consolidated financial position, results of operations or cash flows.

Forward-looking statements:

This report 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 resolution of the current contract dispute with the Commonwealth; 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) in the EODC/University of Arizona litigation, successful defeat of the University's appeal of the jury verdict in the company's favor; 8) satisfactory resolution of (i) the company's dispute with the U.S. Army procurement agency relating to warranty work for the FMU-143 program and (ii) the 2005 DCIS investigation of that program; 9) satisfactory results of negotiations with NAVAIR concerning purchase of the company's leased facility in Bloomfield, Conn.; 10) 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; 11) cost growth in connection with environmental remediation activities at the Moosup facility and such potential activities at the Bloomfield facility; 12) profitable integration of acquired businesses into the company's operations; 13) changes in supplier sales or vendor incentive policies; 14) the effect of price increases or decreases; 15) pension plan assumptions and future contributions; 16) future levels of indebtedness and capital expenditures; 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 report should be considered with these factors in mind. The company assumes no obligation to update any forward-looking statements contained in this report.

SELECTED QUARTERLY FINANCIAL DATA
KAMAN CORPORATION AND SUBSIDIARIES
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
NET SALES					
2006	$ 296,637	$ 292,967	$ 307,610	$ 308,940	$ 1,206,154
2005	263,306	271,263	278,111	288,516	1,101,196
GROSS PROFIT					
2006	$ 81,345	$ 80,505	$ 84,126	$ 86,310	$ 332,286
2005	70,895	70,690	62,212	83,014	286,811
NET EARNINGS (LOSS)					
2006	$ 5,920	$ 7,486	$ 8,738	$ 9,642	$ 31,786
2005	4,705	2,757	(3,612)	9,178	13,028
PER SHARE - BASIC					
2006	$ .25	$ .31	$ .36	$ .40	$ 1.32
2005	.21	.12	(.16)	.39	.57
PER SHARE - DILUTED					
2006	$ .24	$ .31	$ .36	$ .39	$ 1.30
2005	.21	.12	(.16)	.38	.57

Included within certain annual results are a variety of unusual or significant adjustments that may affect comparability. The most significant of such adjustments are described below as well as within Management's Discussion and Analysis and the Notes to Consolidated Financial Statements.

1. Included within the 2006 quarterly gross profit are charges related to the Australia SH-2G(A) program as follows: first quarter, $2,508; second quarter, $2,810; third quarter, $2,497; fourth quarter, $1,886. Charges related to this program for each quarter in 2005 are as follows: first quarter, $191; second quarter, $3,063; third quarter, $11,040; fourth quarter, $2,516.

2. Second and third quarter 2006 results include stock appreciation rights income of $762 and $10, respectively, as compared to stock appreciation rights expense of $3,938 and $4,416, respectively, for the same quarters of 2005.

3. Third and fourth quarter of 2005 net sales, gross profit and net earnings include the results of Musicorp, which was acquired in August 2005, as compared to a full year of Musicorp operating results for 2006.

4. Fourth quarter 2005 results include $5,103 recorded for the recovery of previously written off amounts due from MDHI, and interest thereon.

The quarterly per share amounts for 2005 do not equal the "Total Year" figure due to the third quarter loss causing the modified earnings per share calculation to be anti-dilutive.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

KAMAN CORPORATION AND SUBSIDIARIES

Management of Kaman Corporation and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that the company's receipts and expenditures are being made only in accordance with authorizations of the company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Under the supervision of and with the participation of our management, including the undersigned, the company has assessed its internal controls over financial reporting as of December 31, 2006 based on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the company concluded that the company maintained effective internal control over financial reporting as of December 31, 2006 based on the specified criteria. During our assessment, management did not identify any material weaknesses in our internal control over financial reporting. KPMG LLP, an independent registered accounting firm that also audited our consolidated financial statements included in this report, audited management's assessment of the effectiveness of internal control over financial reporting and issued their report which is included herein.

March 1, 2007

/s/ Paul R. Kuhn

Paul R. Kuhn
Chairman, President and
Chief Executive Officer

/s/ Robert M. Garneau

Robert M. Garneau
Executive Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KAMAN CORPORATION AND SUBSIDIARIES

THE BOARD OF DIRECTORS AND SHAREHOLDERS
KAMAN CORPORATION

We have audited the accompanying consolidated balance sheets of Kaman Corporation and its subsidiaries (Kaman Corporation) as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2006. We also have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Kaman Corporation and subsidiaries maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Kaman Corporation's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these consolidated financial statements, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaman Corporation as of December 31, 2006 and 2005, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, management's assessment that Kaman Corporation maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Furthermore, in our opinion, Kaman Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As discussed in Notes 1, 14 and 18 to the consolidated financial statements, the Company changed its method of accounting for the share-based payments and defined benefit plans as of January 1, 2006 and December 31, 2006, respectively.

/s/ KPMG

Hartford, Connecticut
March 1, 2007

CONSOLIDATED BALANCE SHEETS
KAMAN CORPORATION AND SUBSIDIARIES
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

December 31		**2006**		2005
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**$**	**12,720**	$	12,998
Accounts receivable, net		**189,328**		176,285
Inventories		**231,350**		220,714
Deferred income taxes		**25,425**		31,652
Other current assets		**19,097**		17,159
Total current assets		**477,920**		458,808
PROPERTY, PLANT AND EQUIPMENT, NET		**54,165**		51,592
GOODWILL		**56,833**		54,693
OTHER INTANGIBLE ASSETS, NET		**19,264**		19,836
DEFERRED INCOME TAXES		**14,000**		7,908
OTHER ASSETS		**8,231**		5,660
TOTAL ASSETS	**$**	**630,413**	$	598,497
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Notes payable	$	-	$	915
Current portion of long-term debt		**1,551**		1,660
Accounts payable - trade		**95,059**		94,716
Accrued salaries and wages		**26,129**		22,170
Accrued pension costs		**2,965**		13,150
Accrued contract losses		**11,542**		19,950
Advances on contracts		**10,215**		14,513
Other accruals and payables		**42,661**		49,779
Income taxes payable		**8,215**		6,423
Total current liabilities		**198,337**		223,276
LONG-TERM DEBT, EXCLUDING CURRENT PORTION		**72,872**		62,235
OTHER LONG-TERM LIABILITIES		**62,643**		43,232
COMMITMENTS AND CONTINGENCIES (Note 16)				
SHAREHOLDERS' EQUITY				
Capital stock, $1 par value per share:				
Preferred stock, 200,000 shares authorized; none outstanding		-		-
Common stock, 50,000,000 shares authorized, voting, 24,565,111 shares issued		**24,565**		24,565
Additional paid-in capital		**60,631**		58,637
Retained earnings		**219,137**		199,383
Unamortized restricted stock awards		-		(454)
Accumulated other comprehensive loss		**(2,462)**		(4,145)
		301,871		277,986
Less 421,840 shares and 660,382 shares of common stock in 2006 and 2005, respectively, held in treasury, at cost		**(5,310)**		(8,232)
Total shareholders' equity		**296,561**		269,754
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	**630,413**	$	598,497

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
KAMAN CORPORATION AND SUBSIDIARIES
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

Year ended December 31	**2006**	2005	2004
NET SALES	**$ 1,206,154**	$ 1,101,196	$ 995,192
COSTS AND EXPENSES			
Cost of sales	**873,868**	814,385	770,285
Selling, general and administrative expense	**275,110**	256,241	239,368
Net (gain) loss on sale of assets	**52**	27	(199)
Other operating income	**(2,253)**	(2,214)	(1,731)
Interest expense, net	**6,179**	3,046	3,580
Other expense, net	**919**	860	1,053
	1,153,875	1,072,345	1,012,356
EARNINGS (LOSS) BEFORE INCOME TAXES	**52,279**	28,851	(17,164)
INCOME TAX BENEFIT (EXPENSE)	**(20,493)**	(15,823)	5,342
NET EARNINGS (LOSS)	**$ 31,786**	$ 13,028	$ (11,822)
PER SHARE			
Net earnings (loss) per share:			
Basic	**$ 1.32**	$ .57	$ (.52)
Diluted	**1.30**	.57	(.52)
Dividends declared	**.50**	.485	.44

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
KAMAN CORPORATION AND SUBSIDIARIES
(IN THOUSANDS EXCEPT SHARE AMOUNTS)

Year ended December 31	**2006**	2005	2004
PREFERRED STOCK	**$ -**	$ -	$ -
CLASS A COMMON STOCK			
Balance-beginning of year	-	23,066	23,066
Recapitalization	-	(23,066)	-
Balance-end of year	-	-	23,066
CLASS B COMMON STOCK			
Balance-beginning of year	-	668	668
Recapitalization	-	(668)	-
Balance-end of year	-	-	668
COMMON STOCK			
Balance-beginning of year	**24,565**	-	-
Recapitalization	-	24,565	-
Balance-end of year	**24,565**	24,565	-
ADDITIONAL PAID-IN CAPITAL			
Balance-beginning of year	**58,637**	76,468	76,744
Stock awards issued and related tax benefit	**855**	(3,110)	(276)
Share based compensation expense	**1,450**	-	-
Conversion of debentures	**143**	2	-
Recapitalization	-	(14,723)	-
Adoption of SFAS 123(R)	**(454)**	-	-
Balance-end of year	**60,631**	58,637	76,468
RETAINED EARNINGS			
Balance-beginning of year	**199,383**	197,586	219,401
Net earnings (loss)	**31,786**	13,028	(11,822)
Dividends declared	**(12,032)**	(11,231)	(9,993)
Balance-end of year	**219,137**	199,383	197,586
UNAMORTIZED RESTRICTED STOCK AWARDS			
Balance-beginning of year	**(454)**	(893)	(1,727)
Stock awards issued	-	(116)	(133)
Amortization of stock awards	-	555	967
Adoption of SFAS 123(R)	**454**	-	-
Balance-end of year	-	(454)	(893)
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance-beginning of year	**(4,145)**	(684)	(1,311)
Other comprehensive income (loss)	**1,683**	(3,461)	627
Balance-end of year	**(2,462)**	(4,145)	(684)
TREASURY STOCK			
Balance-beginning of year	**(8,232)**	(12,041)	(13,658)
Shares acquired in 2006 - 0; 2005 - 4; 2004 - 757	-	-	(9)
Shares reissued in 2006 - 238,542; 2005 - 311,275; 2004 - 132,740	**2,922**	3,809	1,626
Balance-end of year	**(5,310)**	(8,232)	(12,041)
TOTAL SHAREHOLDERS' EQUITY	**$ 296,561**	$ 269,754	$ 284,170

COMPREHENSIVE INCOME (LOSS)			
Net earnings (loss)	**$ 31,786**	$ 13,028	$ (11,822)
Foreign currency translation adjustments	**1,268**	503	627
Pension plan adjustments, net of tax of $255 in 2006 and net of tax benefit of $2,430 in 2005	**415**	(3,964)	-
Other comprehensive income (loss)	**1,683**	(3,461)	627
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 33,469**	$ 9,567	$ (11,195)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
KAMAN CORPORATION AND SUBSIDIARIES
(IN THOUSANDS EXCEPT SHARE AMOUNTS)

Year ended December 31	**2006**	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	**$ 31,786**	$ 13,028	$ (11,822)
Adjustments to reconcile net earnings (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	**10,472**	9,555	8,969
Provisions for (recovery of) losses on accounts receivable	**(47)**	(2,120)	2,180
Net (gain) loss on sale of assets	**52**	27	(199)
Non-cash write-down of assets	**-**	-	962
Non-cash sales adjustment for costs - not billed	**-**	-	21,332
Deferred income taxes	**(243)**	3,183	(11,421)
Other, net	**22,717**	4,086	7,418
Changes in current assets and liabilities, excluding effects of acquisitions/divestitures:			
Accounts receivable	**(12,624)**	20,487	(20,179)
Inventories	**(10,280)**	(9,825)	(18,175)
Income taxes receivable	**-**	-	1,043
Other current assets	**(1,932)**	(1,435)	(2,695)
Accounts payable - trade	**(7,041)**	10,986	19,561
Accrued contract losses	**(8,429)**	(17,550)	13,458
Advances on contracts	**(4,298)**	(2,208)	(2,972)
Accrued expenses and payables	**(14,614)**	10,902	19,615
Income taxes payable	**1,300**	3,660	2,807
Cash provided by (used in) operating activities	**6,819**	42,776	29,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets	**545**	346	376
Expenditures for property, plant and equipment	**(13,219)**	(9,866)	(7,539)
Acquisition of businesses including earn out adjustments	**(1,341)**	(31,875)	(2,435)
Other, net	**(1,675)**	788	(770)
Cash provided by (used in) investing activities	**(15,690)**	(40,607)	(10,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in notes payable	**(915)**	(6,341)	1,197
Changes in book overdraft	**7,264**	1,912	(4,412)
Changes in debt	**10,528**	27,745	(2,134)
Recapitalization	**-**	(13,892)	-
Proceeds from exercise of employee stock plans	**3,238**	585	1,218
Purchases of treasury stock	**-**	-	(9)
Dividends paid	**(12,002)**	(10,747)	(9,979)
Debt issuance costs	**-**	(824)	-
Other	**283**	-	(305)
Cash provided by (used in) financing activities	**8,396**	(1,562)	(14,424)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(475)**	607	5,090
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**197**	22	149
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**12,998**	12,369	7,130
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 12,720**	$ 12,998	$ 12,369

Supplemental Disclosure of Cash Flow Information:

Non-cash financing activity for 2006 and 2005 includes the conversion of 301 and 4 debentures with a total value of $301 and $4 into 12,871 and 171 shares of common stock, respectively, issued from treasury. There were no conversions of debentures during 2004.

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - The accompanying consolidated financial statements include the accounts of the company and its subsidiaries. All inter-company balances and transactions have been eliminated in consolidation. Certain amounts in prior year financial statements and notes thereto have been reclassified to conform to current year presentation.

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

FOREIGN CURRENCY TRANSLATION - The company has certain operations outside the United States that prepare financial statements in currencies other than the U.S. dollar. For these operations, results of operations and cash flows are translated using the average exchange rate throughout the period. Assets and liabilities are generally translated at end of period rates. The gains and losses associated with these translation adjustments are included as a separate component of accumulated other comprehensive income (loss) in shareholders’ equity.

CONCENTRATION OF CREDIT RISK - Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash, cash equivalents and trade accounts receivable. The Aerospace segment had one customer that accounted for 21.8% and 25.0% of the consolidated accounts receivable balance as of December 31, 2006 and 2005, respectively. No individual customer accounted for more than 10% of consolidated net sales. Foreign sales were approximately 14.1%, 14.4% and 13.6% of the company’s net sales in 2006, 2005 and 2004, respectively, and are concentrated primarily in Australia, Canada, Europe, Mexico, and Asia.

REVENUE RECOGNITION - Sales and estimated profits under long-term contracts are principally recognized on the percentage-of-completion method of accounting, generally using as a measurement basis either a ratio that costs incurred bear to estimated total costs (after giving effect to estimates of costs to complete based upon most recent information for each contract) or units-of-delivery. Reviews of contracts are made routinely throughout their lives and the impact of revisions in profit estimates are recorded in the accounting period in which the revisions are made. Any anticipated contract losses are charged to operations when first indicated.

Other types of sales contracts are initially reviewed to ascertain if there is a multiple element arrangement. If such an arrangement exists and there is no evidence of stand-alone value for each element of the undelivered items, recognition of sales for the arrangement are deferred until all elements of the arrangement are delivered and risk of loss and title has passed. For elements that do have stand-alone value or are not considered a multiple element arrangement, sales and related costs of sales are recognized when the product has been shipped or delivered depending upon when title and risk of loss has passed.

The company includes freight costs charged to customers in net sales and the correlating expense as a cost of sales.

COST OF SALES AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - Cost of sales includes costs of products and services sold (i.e., purchased product, raw material, direct labor, engineering labor, outbound freight charges and indirect and overhead charges). Selling expenses primarily consist of advertising, promotion, bid and proposal, employee payroll and corresponding benefits and commissions paid to sales and marketing personnel. General and administrative expenses primarily consist of employee payroll including executive, administrative and financial personnel and corresponding benefits, incentive compensation, independent research and development, consulting expenses, warehousing costs, depreciation and amortization.

Certain costs including purchasing costs, receiving costs and inspection costs for certain reporting segments are not included in the costs of sales line item. For the years ended December 31, 2006, 2005 and 2004, these costs of $4,172, $3,366 and $2,992, respectively, are included in general and administrative costs.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents include cash on hand, demand deposits and short term cash investments. These investments are highly liquid in nature and have original maturities of three months or less. Book overdraft positions at the end of each reporting period are reclassified to accounts payable within the consolidated balance sheets. At December 31, 2006 and 2005, the company had book overdrafts of $17,995 and 10,730, respectively, classified in accounts payable.

ACCOUNTS RECEIVABLE - The company has three types of accounts receivable: (a) Trade receivables, which consist of amounts billed and currently due from customers; (b) U.S. Government contracts, which consist of (1) amounts billed; and (2) costs and accrued profit - not billed and (c) Commercial and other government contracts, which consist of (1) amounts billed and (2) costs and accrued profit - not billed.

The allowance for doubtful accounts reflects management’s best estimate of probable losses inherent in the trade accounts receivable and billed contracts balance. Management determines the allowance based on known troubled accounts, historical experience, and other currently available evidence.

INVENTORIES - Inventory of merchandise for resale is stated at cost (using the average costing method) or market, whichever is lower. Contracts and other work in process and finished goods are valued at production cost represented by raw material, labor and overhead. Initial tooling, startup costs and general and administrative expenses may be included, where applicable. Contracts and other work in process and finished goods are not recorded in excess of net realizable values. The company includes raw material amounts in the contracts in process and other works in process balances. Raw material includes certain general stock materials but primarily relates to purchases that were made in anticipation of specific programs for which production has not been started as of the balance sheet date. The amount of total raw material included in these in work process amounts is less than 10% of the total inventory balance.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment is recorded at cost. Depreciation is computed primarily on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives for buildings range from 15 to 30 years and for leasehold improvements range from 5 to 20 years, whereas machinery, office furniture and equipment generally have useful lives ranging from 3 to 10 years. At the time of retirement or disposal, the acquisition cost of the asset and related accumulated depreciation are eliminated and any gain or loss is credited to or charged against income.

In the event that facts and circumstances indicate that the carrying value of long-lived assets or other assets may be impaired, a specific evaluation of the assets or groups of assets is performed to determine whether any impairment exists.

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

GOODWILL AND OTHER INTANGIBLE ASSETS - Goodwill and intangible assets with indefinite lives are evaluated for impairment at least annually in the fourth quarter, based on initial annual forecast information. Intangible assets with finite lives are amortized using the straight-line method over their estimated period of benefit, which generally ranges from 10 to 20 years. The goodwill and other intangible assets are also reviewed for possible impairment whenever changes in conditions indicate that the fair value of a reporting unit is below its carrying value. Based upon the annual impairment assessment, there were no goodwill or intangible asset impairments in 2006, 2005 or 2004.

PRODUCT WARRANTY COSTS - Reserves are recorded on the consolidated balance sheet in other accruals and payables to reflect the company's contractual liabilities related to warranty commitments to customers. Warranty coverage of various lengths and terms is provided to customers based upon standard terms and conditions or negotiated contractual agreements. An estimated warranty expense is recorded at the time of the sale based upon historical warranty return rates and repair costs, or at the point in time when a specific warranty related expense is considered probable and can be estimated.

VENDOR INCENTIVES - The company's Industrial Distribution segment enters into agreements with certain vendors providing for inventory purchase incentives that are generally earned and recognized upon achieving specified volume-purchasing levels. To the extent that the company has inventory on hand that qualifies for specific rebate programs, the recognition of the rebate is deferred until the inventory is sold. The segment recognizes these incentives as a reduction of cost of sales. As of December 31, 2006 and 2005, total vendor incentive receivables, included in other current assets, are $9,407 and $7,984, respectively.

RESEARCH AND DEVELOPMENT - Research and development costs not specifically covered by contracts are charged against income as incurred through selling, general and administrative expense. Such costs amounted to $3,358, $2,743 and $4,040 in 2006, 2005 and 2004, respectively.

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

SHARE-BASED ARRANGEMENTS - On January 1, 2006, the company adopted Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)) related to accounting for share-based payments and, accordingly, we are now recording compensation expense for share-based awards based upon an assessment of the grant date fair value of the awards. The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. A number of assumptions are used to determine the fair value of options granted. These include expected term, volatility of the options and the risk free interest rate. The impact of the adoption of SFAS 123(R) is more fully discussed in Note 18.

PENSION ACCOUNTING - Effective December 31, 2006, the company adopted Statement of Financial Accounting Standards No. 158 (SFAS 158), "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements Nos. 87, 88, 106, and 132(R)". SFAS 158 requires that we recognize the overfunded or underfunded status of our defined benefit plans, calculated as the difference between our plan assets and the projected benefit obligation, as an asset or liability in our 2006 year-end balance sheet, with changes in the funded status recognized through comprehensive income in the year in which they occur. Prior to the adoption of SFAS 158, the company was required to maintain a minimum funding liability based upon the accumulated benefit obligation. The impact of the adoption of SFAS 158 is more fully discussed in Note 14.

RECENT ACCOUNTING STANDARDS - In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), “Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109”, which clarifies the methodology for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The company is required to adopt FIN 48 on January 1, 2007, and the cumulative effect on net assets of such adoption is not expected to be material.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (SFAS 157), “Fair Value Measurements,” which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. We are currently evaluating the impact of SFAS 157, but do not expect the adoption of SFAS 157 to have a material impact on our consolidated financial position, results of operations or cash flows.

2. RECAPITALIZATION

On November 3, 2005, the company completed the recapitalization of its capital stock, which had been approved by holders of both classes of its common stock on October 11, 2005. The recapitalization replaced the company’s previously existing dual class common stock structure (Class A non-voting common and Class B voting common, $1 par value each) with one class of voting common stock, $1 par value. Specifically, each share of Class A non-voting common stock became one share of voting common stock, and each share of Class B voting common stock was reclassified into 3.58 shares of voting common stock or, alternatively, at the election of the holders of such shares, 1.84 shares of voting common stock and an amount in cash equal to $27.10. As a result of the recapitalization, the company paid $13,892 to shareholders electing the part stock/part cash option. A total of 1,498,851 shares of common stock were issued in exchange for 667,814 shares of Class B voting common stock.

3. ACQUISITIONS AND DIVESTITURES

The company incurred costs of $1,341, $31,875, and $2,435 for the acquisition of businesses during 2006, 2005 and 2004, respectively. These acquisition costs include contingency payments to the former owner of Dayron and such payments could be up to $25,000 over time, if certain milestones are met. Any such contingency payments would be treated as additional goodwill. An accrual and additional goodwill of $1,751, $2,369 and $1,631 was recorded during 2006, 2005 and 2004 associated with these additional payments for which milestones were met. A portion of the 2004 accrual was paid during 2005 whereas the remainder may be paid upon the resolution of the warranty matter described in Note 12. Total contingency payments paid through 2006 were $4,013.

In August 2005, the company paid $29,003 to acquire certain assets and assume certain liabilities of MBT Holdings Corp. and its subsidiaries (now known as Musicorp), a wholesale distributor of musical instruments and accessories headquartered in Charleston, South Carolina. Musicorp was the second largest independent U.S. distributor of musical instruments and accessories after Kaman.

During 2004, the company issued a note for $405 to acquire certain assets, primarily consisting of inventory, of Brivsa de Mexico, a small Monterrey, Mexico distributor, expanding the company’s ability to serve customers with operations in Mexico.

During 2005 and 2004, the company purchased an additional equity interest in Delamac de Mexico S.A. de C.V. (“Delamac”) and as of the end of 2005 and 2004 the company had a 90.8% and 72.5%, respectively, equity interest in Delamac. The company continues to hold a 90.8% equity interest in Delamac as of December 31, 2006. The minority interest is included in other long-term liabilities on the consolidated balance sheets.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

December 31		**2006**		2005
Trade receivables	**$**	**97,752**	$	96,776
U.S. Government contracts:				
Billed		**26,938**		16,140
Costs and accrued profit - not billed		**4,544**		956
Commercial and other government contracts:				
Billed		**21,479**		19,569
Costs and accrued profit - not billed		**41,968**		46,244
Less allowance for doubtful accounts		**(3,353)**		(3,400)
Total	**$**	**189,328**	$	176,285

Costs and accrued profit-not billed represent costs incurred on contracts and related accrued profit, which will become billable upon future deliveries, achievement of specific contract milestones or completion of engineering and service type contracts. Substantially all of such costs and accrued profits on commercial and other government contracts relates to the Australia SH-2G(A) program at December 31, 2006. The portion of the Australia contract balance that will be recovered after one year is dependent upon our progress on the program in 2007 and the outcome of the ongoing contractual discussions with the customer.

The Aerospace segment had a program with MD Helicopters, Inc. ("MDHI") that involved multi-year contracts for production of fuselages for the MDHI 500 and 600 series helicopters and composite rotor blades for the MD Explorer helicopter. Because of unresolved payment issues, the company stopped work on the program in 2003. Furthermore, based upon MDHI's lack of success with respect to improving its financial and operational circumstances, the company recorded a non-cash sales and pre-tax earnings charge of $20,083 (including an $18,211 negative sales adjustment for costs and accrued profit not billed and a $1,872 addition to the company's bad debt reserve for billed receivables) in the third quarter of 2004. This charge eliminated the company's investment in contracts with MDHI.

In the fourth quarter of 2005, the company entered into a multi-year agreement with MDHI, which had been acquired and recapitalized, for the production of rotor blades and other components primarily for the MD Explorer helicopter. In connection with this agreement, the company recorded a recovery of $6,754 for previously written off sales and accounts receivable.

During the fourth quarter 2004, the company recorded a non-cash sales and pre-tax earnings adjustment of $3,471 (includes a $3,221 negative sales adjustment for costs not billed and a $250 addition to the company's bad debt reserve for billed receivables) associated with a contract with the University of Arizona due to the curtailment of the contract. This matter is further discussed in Note 16.

5. INVENTORIES

Inventories are comprised as follows:

December 31		**2006**		2005
Merchandise for resale	**$**	**130,694**	$	124,936
Contracts in process:				
U.S. Government, net of progress payments of $25,203 and $18,951 in 2006 and 2005, respectively		**47,086**		44,710
Commercial and other government contracts		**18,949**		14,554
Other work in process (including certain general stock materials)		**21,102**		21,750
Finished goods		**13,519**		14,764
Total	**$**	**231,350**	$	220,714

K-MAX® inventory of $19,320 and $22,538 is included in other work in process and finished goods as of December 31, 2006 and 2005, respectively. Management believes that a significant portion of this K-MAX inventory will be sold after one year, based upon the anticipation of supporting the fleet for the foreseeable future.

The aggregate amounts of general and administrative costs charged to inventory in the Aerospace segment during 2006, 2005 and 2004 were $32,997, $27,806, and $24,523, respectively. The estimated amounts of general and administrative costs remaining in contracts in process at December 31, 2006 and 2005 are $5,899 and $5,505, respectively, and are based on the ratio of such costs to total costs of production.

The company had Industrial Distribution segment inventory of $3,600, $3,533 and $3,743 as of December 31, 2006, 2005 and 2004, respectively, on consignment at customer locations.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows:

December 31		**2006**		2005
Land	**$**	**4,327**	$	4,302
Buildings		**32,420**		30,165
Leasehold improvements		**14,317**		14,449
Machinery, office furniture and equipment		**117,811**		118,583
Total		**168,875**		167,499
Less accumulated depreciation		**(114,710)**		(115,907)
Property, plant and equipment, net	**$**	**54,165**	$	51,592

Excess capacity and related costs, primarily attributable to the Aerospace segment, of $2,424, $2,749 and $3,330 for 2006, 2005 and 2004, respectively, were included in cost of sales.

Depreciation expense was $9,892, $9,235 and $8,835 for 2006, 2005 and 2004, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill and other intangible assets, net are as follows:

December 31		2006		2005
Goodwill:				
Aerospace	**$**	**38,132**	$	35,578
Industrial Distribution		**4,078**		4,081
Music		**14,623**		15,034
	$	**56,833**	$	54,693

December 31		2006		2005
Other intangible assets:				
Other intangible assets-subject to amortization:				
Customer relationships	**$**	**3,400**	$	3,400
Trade names		**2,000**		2,000
Patents		**1,293**		1,937
Total		**6,693**		7,337
Less accumulated amortization		**(1,248)**		(1,320)
Other intangible assets - subject to amortization, net		**5,445**		6,017
Trade name - not subject to amortization		**13,819**		13,819
Other intangible assets, net	**$**	**19,264**	$	19,836

With the exception of patents, the other intangible assets relate to the Music segment. The patents primarily relate to the Aerospace segment. During 2006, the company wrote off $676 of patents and $459 of related accumulated amortization. Amortization periods for intangible assets range from 10 to 20 years.

Intangible asset amortization expense was $387, $224 and $104 in 2006, 2005 and 2004, respectively. Amortization expense for each of the next five years is expected to approximate $355 per year.

8. EXIT ACTIVITY

The following table displays the activity and balances of various exit activities:

		2006		2005
Balance at January 1	**$**	**6,007**	$	3,762
Costs incurred		**(1,940)**		(2,070)
Additions		**-**		4,315
Net adjustment to goodwill		**(600)**		-
Balance at December 31	**$**	**3,467**	$	6,007

In connection with the acquisition of Musicorp in August 2005, the company accrued $3,500 for certain exit costs. These costs relate primarily to lease consolidation and employee severance payments for reductions primarily in administrative and warehousing personnel. As part of finalizing its estimates of these acquisition related restructuring costs, the company adjusted its exit activity liability by $600 during 2006. The total accrual as of December 31, 2006 was $769.

In connection with the Moosup, CT plant closure, the company recorded restructuring costs of $8,290 in 2002. The charge included $3,290 of severance related costs and $5,000 for closing the facility (including estimated costs of an ongoing environmental remediation program and ultimate disposal). The remaining accrual as of December 31, 2006, which consists primarily of the estimated cost of ongoing environmental remediation, was $2,698.

Ongoing maintenance costs of $610 related to this idle facility are included in selling, general and administrative expenses.

These exit activity accruals are included in other accruals and payables on the consolidated balance sheets for each period presented.

9. ACCRUED CONTRACT LOSSES

Management performs detailed quarterly reviews of our contracts and adjustments in profit estimates are recorded during the period in which they are determined to be appropriate. When total estimated costs exceed total estimated revenue to be earned, the company immediately records a provision for the entire anticipated contract loss. The following is a summary of total accrued contracts losses for 2006 and 2005:

		2006		2005
Balance at January 1	**$**	**19,950**	$	37,533
Costs incurred		**(18,079)**		(35,759)
Additions to loss accrual		**10,937**		19,147
Release to income		**(1,266)**		(971)
Balance at December 31	**$**	**11,542**	$	19,950

The largest portion of our historical accrued contract loss has been associated with the Aerospace segment’s Australia SH-2G(A) helicopter program with the Royal Australian Navy (RAN). During 2002, the company recorded a total pre-tax charge of $27,413 for estimated cost growth, which eliminated the remaining $6,505 of profit previously recorded on the program and established a $20,908 loss accrual. This accrual was for anticipated cost growth associated with completion of the aircraft, and final integration and testing of the aircraft’s advanced Integrated Tactical Avionic System (ITAS) software.

During 2003, the company continued to work on this program and used the majority of the accrued contract loss previously recorded. In 2004, the company recorded $5,474 for additional estimated cost growth to complete the ITAS software. During 2005, the company recorded an additional $16,810 of accrued contract losses primarily for cost growth resulting from additional testing needed on the ITAS software before entering formal qualification testing. During 2006, the company continued to work on preparation for final acceptance of the first fully capable aircraft. As a result, the company recorded an additional $9,701 for a variety of matters including additional time needed to finalize testing of the ITAS software, formal qualification testing, as well as further work needed to satisfy some of the RAN’s requests related to flight safety concerns. The company continues to work with the customer throughout this process and regularly monitors the program to ensure its proper valuation. The total accrued contract loss remaining as of December 31, 2006 was $11,322.

During the second quarter of 2004, the company recorded a $7,086 non-cash adjustment for the Boeing Harbour Pointe contract in the Aerospace segment. The adjustment consisted of an accrued contract loss of $4,280 and a valuation adjustment of $2,806 associated with portions of the program inventory. Subsequent to the second quarter, the amount reflecting accrued contract loss was changed to $6,124 and the inventory valuation adjustment was changed to $962 as a result of additional orders received as part of the program during the second half of 2004. These changes had no impact on the total recorded adjustment. The company has continued to work on this program, completion of which is anticipated to occur in late 2007.

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

REVOLVING CREDIT AGREEMENT - As of December 31, 2006,the company had a $150,000 revolving credit facility (Revolving Credit Agreement) expiring August 4, 2010. The facility includes the availability of funding in foreign currencies as well as an “accordion” feature that provides the company the opportunity to request, subject to bank approval, an expansion of up to $50,000 in the overall size of the facility. As of December 31, 2006, there was $65,687 available for borrowing under the Revolving Credit Agreement. Letters of credit are generally considered borrowings for purposes of the Revolving Credit Agreement. In January 2007, the company activated the accordion thereby expanding the Revolving Credit Agreement to $200,000. The facility was also amended to add another $50,000 accordion for possible future activation bringing the total potential arrangement to $250,000.

The financial covenants associated with the current credit facility include a requirement that the company have i) EBITDA at least equal to 300% of net interest expense on the basis of a rolling four quarters and ii) a ratio of consolidated total indebtedness to total capitalization of not more than 55%. The agreement also incorporates a financial covenant which provides that if the company's EBITDA to net interest expense ratio is less than 6 to 1, the ratio of i) accounts receivable and inventory for certain Kaman subsidiaries to ii) the company's consolidated total indebtedness cannot be less than 1.6 to 1. For each outstanding credit facility as of 2006, 2005 and 2004, the company was in compliance with our debt covenants.

In 2005, the company incurred $824 in debt issuance costs associated with the establishment of the above described credit facility. These costs have been capitalized and are being amortized on a straight-line basis over the term of the facility. Total amortization expense for 2006 and 2005 was $165 and $69, respectively.

CERTAIN LETTERS OF CREDIT -The face amounts of irrevocable letters of credit issued under the Revolving Credit Agreement totaled $26,280 and $30,537 at December 31, 2006 and 2005, respectively. Of those amounts, $19,800 at December 31, 2006 and 2005 is attributable to the Australia SH-2G(A) helicopter program.

CONVERTIBLE SUBORDINATED DEBENTURES - The company issued its 6% convertible subordinated debentures during 1987. The debentures are convertible into shares of the common stock of Kaman Corporation at any time on or before March 15, 2012 at a conversion price of $23.36 per share at the option of the holder unless previously redeemed by the company. Pursuant to a sinking fund requirement that began March 15, 1997, the company redeemed $1,660 of the outstanding principal amount of the debentures each year through 2005. During 2006, several debenture holders elected to convert their bonds to shares of common stock. The company issued 12,871 shares of common stock for the conversion of 301 debentures during 2006. As a result, the company will only redeem $1,551 of the outstanding principal of the debentures each year going forward. The debentures are subordinated to the claims of senior debt holders and general creditors. These debentures had a book value of $16,390 at December 31, 2006, which is believed to approximate fair value. Deferred charges associated with the issuance of the debentures are being amortized over the term of the debentures.

SHORT-TERM BORROWINGS - Under the Revolving Credit Agreement, the company has the ability to borrow funds on both a short-term and long-term basis. The company also has certain other credit arrangements to borrow funds on a short-term basis with interest at current market rates.

Short-term borrowings outstanding are as follows:

December 31		**2006**		2005
Other credit arrangements	$	-	$	915
Total	**$**	-	$	915

The weighted average interest rate on short-term borrowings outstanding as of December 31, 2005 was 4.87%.

LONG-TERM DEBT - The company has long-term debt as follows:

December 31		**2006**		2005
Revolving credit agreement	**$**	**58,033**	$	45,518
Other credit arrangements		-		135
Convertible subordinated debentures		**16,390**		18,242
Total		**74,423**		63,895
Less current portion		**1,551**		1,660
Total excluding current portion	**$**	**72,872**	$	62,235

The aggregate amounts of annual maturities of long-term debt for each of the next five years and thereafter are approximately as follows:

2007	$	1,551
2008		1,551
2009		1,551
2010		59,584
2011		1,551
Thereafter		8,635

INTEREST PAYMENTS - Cash payments for interest were $6,584, $4,023 and $3,676 for 2006, 2005 and 2004, respectively.

11. ADVANCES OF CONTRACTS

Advances on contracts include customer advances together with customer payments and billings associated with the achievement of certain contract milestones in excess of costs incurred, primarily for the Australia SH-2G(A) helicopter contract. The customer advances for that contract are fully secured by letters of credit. It is anticipated that the advances on contracts along with the majority of the associated letters of credit will remain in place until final acceptance of the aircraft by the Royal Australian Navy.

12. PRODUCT WARRANTY COSTS

Changes in the carrying amount of accrued product warranty costs for 2006 and 2005 are summarized as follows:

		2006		2005
Balance at January 1	**$**	**4,304**	$	3,827
Warranty costs incurred		**(2,737)**		(505)
Product warranty accrual		**500**		3,404
Release to income		**(39)**		(2,422)
Balance at December 31	**$**	**2,028**	$	4,304

The following paragraphs summarize significant warranty matters as of December 31, 2006:

The company has been working to resolve two warranty-related matters at the Dayron facility. The first issue involves a supplier's recall of a switch embedded in certain bomb fuzes. The second warranty issue involves bomb fuzes manufactured for the U. S. Army utilizing systems which originated before Dayron was acquired by Kaman that have since been found to contain an incorrect part. As of the end of 2004, Dayron had a warranty reserve of $3,507 related to these two issues. During 2005, Dayron was released of $2,058 of liability associated with certain lots of fuzes by the customer and experienced cost growth of $1,628 primarily related to the cost to cover additional fuzes identified by the customer. The net reserve as of the end of 2006 related to these two matters is $1,109. This represents management's best estimate of the costs, including re-work, transportation costs and testing, currently expected to be incurred in resolving these matters. This matter is more fully discussed in Note 16.

In March 2005 the U.S. Attorney's Office for the Middle District of Florida and the Defense Criminal Investigative Service (DCIS) initiated an investigation into the second warranty matter. Dayron has cooperated fully with the authorities, working to resolve the matter in a mutually satisfactory manner. As of the date of this report, the company has not received any notification from the authorities regarding resolution of the investigation.

On June 29, 2005, the company notified its two affected customers of a non-conforming part that may have an impact on certain aircraft panels manufactured by the Aerostructures facility in Wichita, Kansas, beginning in September 2002. As a result of this matter, the company recorded a warranty accrual of $1,040 during 2005, in anticipation of incurring its estimated share of certain costs to manufacture replacement panels and install them on certain aircraft. As of December 31, 2006, the company had a $693 accrual remaining related to this matter.

13. INCOME TAXES

The components of income tax expense (benefit) are as follows:

	2006	2005	2004
Current:			
Federal	$ 15,254	$ 8,558	$ 2,370
State	2,062	1,646	1,770
Foreign	3,181	2,451	1,935
	20,497	12,655	6,075
Deferred:			
Federal	39	3,083	(9,359)
State	(30)	74	(1,918)
Foreign	(13)	11	(140)
	(4)	3,168	(11,417)
Total	$ 20,493	$ 15,823	$ (5,342)

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are presented below:

December 31	2006	2005
Deferred tax assets:		
Long-term contracts	$ 4,539	$ 7,383
Deferred employee benefits	29,800	27,116
Inventory	9,227	8,077
Tax loss and credit carry-forwards	4,298	3,484
Accrued liabilities and other items	5,966	6,612
Total deferred tax assets	53,830	52,672
Deferred tax liabilities:		
Depreciation and amortization	(4,225)	(5,756)
Intangibles	(5,473)	(3,666)
Other items	(1,222)	(1,183)
Total deferred tax liabilities	(10,920)	(10,605)
Net deferred tax asset before valuation allowance	42,910	42,067
Valuation allowance	(3,740)	(2,883)
Net deferred tax asset after valuation allowance	$ 39,170	$ 39,184

Foreign current deferred tax liabilities of $95 are included in other accruals and payables on the Consolidated Balance Sheet as of December 31, 2006. Foreign long-term deferred tax liabilities of $160 and $376 are included in Other Long-Term Liabilities as of December 31, 2006 and 2005, respectively. Valuation allowances of $3,740 and $2,883 at December 31, 2006 and 2005, respectively, reduced the deferred tax asset attributable to foreign loss and state loss and credit carry-forwards to an amount that, based upon all available information, is more likely than not to be realized. Reversal of the valuation allowance is contingent upon the recognition of future taxable income in the respective jurisdiction or changes in circumstances which cause the recognition of the benefits of the loss carry-forwards to become more likely than not. The net increase in the valuation allowance of $857 is due to the generation of $1,162 in state loss and tax credit carry-forwards, offset by $305 of current and anticipated utilization of Canadian and state carry-forwards. Canadian tax loss carry-forwards are approximately $2,165 and could expire between 2007 and 2010. State carry-forwards are in numerous jurisdictions with varying lives.

No valuation allowance has been recorded against the other deferred tax assets because the company believes that these deferred tax assets will, more likely than not, be realized. This determination is based largely upon the company's anticipated future income, as well as its ability to carry-back reversing items within two years to offset taxes paid. In addition, the company has the ability to offset deferred tax assets against deferred tax liabilities created for such items as depreciation and amortization.

Pre-tax income from foreign operations amounted to $6,787, $4,358 and $3,227 in 2006, 2005 and 2004, respectively. Income taxes have not been provided on undistributed earnings of $12,349 from foreign subsidiaries since it is the company's intention to permanently reinvest such earnings or to distribute them only when it is tax efficient to do so. It is impracticable to estimate the total tax liability, if any, which would be created by the future distribution of these earnings.

The provision for income taxes differs from that computed at the federal statutory corporate tax rate as follows:

		2006		2005		2004
Federal tax (benefit) at 35% statutory rate	**$**	**18,298**	$	10,098	$	(6,007)
State income taxes, net of federal benefit		**1,320**		1,118		(127)
Tax effect of:						
Compensation		**1,311**		3,467		617
Recapitalization costs		**-**		1,169		93
Meals and entertainment		**478**		424		413
Other, net		**(914)**		(453)		(331)
Income taxes (benefit)	**$**	**20,493**	$	15,823	$	(5,342)

Cash payments for income taxes, net of refunds, were $17,703, $8,934, and $2,198 in 2006, 2005 and 2004, respectively.

14. PENSION PLANS

The company has a non-contributory qualified defined benefit pension plan covering the full-time U.S. employees of all U.S. subsidiaries (with the exception of certain acquired companies that have not adopted the plan). Employees become participants in the plan upon their completion of hours of service requirements. Benefits under this plan are generally based upon an employee's years of service and compensation levels during employment with an offset provision for social security benefits. The company also has a Supplemental Employees' Retirement Plan ("SERP"), which is considered a non-qualified pension plan. The SERP provides certain key executives, whose compensation is in excess of the limitations imposed by federal law on the qualified defined benefit pension plan, with supplemental benefits based upon eligible earnings, years of service and age at retirement.

ADOPTION OF STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 158

Effective December 31, 2006, the company adopted Statement of Financial Accounting Standards No. 158 (SFAS 158), "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements Nos. 87, 88, 106, and 132(R)". SFAS 158 requires that we recognize the overfunded or underfunded status of our defined benefit plans (our Plans), calculated as the difference between our plan assets and the projected benefit obligation, as an asset or liability in our 2006 year-end balance sheet, with changes in the funded status recognized through comprehensive income in the year in which they occur.

The effect of the adoption of SFAS 158 on our consolidated balance sheet as of December 31, 2006 is as follows:

	Before application of Statement 158	Adjustments	Reported as of December 31, 2006
Liability for pension benefits	$ 49,051	$ (637)	$ 48,414
Deferred income taxes assets	39,667	(242)	39,425
Accumulated other comprehensive loss	(2,857)	395	(2,462)
Total shareholders' equity	296,166	395	296,561

OBLIGATIONS AND FUNDED STATUS

The accumulated benefit obligation for the qualified pension plan was $437,273 and $420,211 at December 31, 2006 and 2005, respectively. The accumulated benefit obligation for the SERP was $33,336 and $28,811 at December 31, 2006 and 2005, respectively.

The changes in actuarial present value of the projected benefit obligation and fair value of plan assets are as follows:

	Qualified Pension Plan		SERP	
December 31	**2006**	2005	**2006**	2005
Projected benefit obligation at beginning of year	**$ 467,146**	$ 432,354	**$ 31,044**	$ 20,205
Service cost	**12,570**	11,492	**2,113**	1,408
Interest cost	**26,411**	25,469	**1,727**	1,330
Plan amendments (A)	**-**	-	**(4,510)**	-
Actuarial liability (gain) loss (B)	**(2,856)**	18,562	**5,076**	8,850
Benefit payments	**(21,311)**	(20,731)	**(841)**	(749)
Projected benefit obligation at end of year	**$ 481,960**	$ 467,146	**$ 34,609**	$ 31,044
Fair value of plan assets at beginning of year	**$ 424,266**	$ 407,182	**$ -**	$ -
Actual return on plan assets	**57,843**	33,068	**-**	-
Employer contribution	**7,357**	4,747	**841**	749
Benefit payments	**(21,311)**	(20,731)	**(841)**	(749)
Fair value of plan assets at end of year	**$ 468,155**	$ 424,266	**$ -**	$ -
Funded Status at end of year	**$ (13,805)**	$ (42,880)	**$ (34,609)**	$ (31,044)

(A) During 2006, the SERP was amended to redefine the types of compensation that will be included in the calculation of benefits for participants. As a result of this amendment, only salaries and annual bonus eligible to be paid before the date of the participant's termination for periods in which the participant was an active employee shall be considered eligible compensation under the SERP for all periods after December 31, 2005. The result of this amendment lowered the SERP liability by $4,510.

(B) The actuarial liability gain and loss amounts for the qualified pension plan for 2006 and 2005 are principally due to the effect of changes in the discount rate. The 2005 actuarial liability loss for the SERP is primarily due to an increase in compensation as a result of significant stock appreciation rights activity during 2005.

The company has recorded underfunded and unfunded liabilities related to our qualified pension plan and SERP as follows:

	Qualified Pension Plan		SERP	
December 31	**2006**	2005	**2006**	2005
Current liabilities	**$ -**	$ (10,531)	**$ (2,438)**	$ (850)
Noncurrent liabilities	**(13,805)**	-	**(32,171)**	(27,961)
	$ (13,805)	$ (10,531)	**$ (34,609)**	$ (28,811)

The 2005 pension liability was classified based upon the requirements of SFAS 87, whereas, the 2006 pension liability is classified based upon the guidance in SFAS 158.

The amounts included in accumulated other comprehensive income on the consolidated balance sheet represent costs that will be recognized as pension costs in future periods. These consist of:

	Qualified Pension Plan		SERP	
December 31	**2006**	2005	**2006**	2005
Net loss (gain)	**$ (2,421)**	$ -	**$ 11,070**	$ -
Additional minimum liability	**-**	-	**-**	6,394
Prior service cost (credit)	**511**	-	**(3,436)**	-
Accumulated other comprehensive income (loss)	**$ (1,910)**	$ -	**$ 7,634**	$ 6,394

The estimated net loss and prior service cost for the qualified pension plan and the SERP that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year will be $652 and $1,939, respectively.

The pension plan net periodic benefit costs on the consolidated statement of operations and other amounts recognized in other comprehensive income on the statement of changes in shareholders’ equity were computed using the projected unit credit actuarial cost method and included the following components:

	Qualified Pension Plan			SERP		
	2006	2005	2004	**2006**	2005	2004
Service cost for benefits earned during the year	**$ 12,570**	$ 11,492	$ 10,233	**$ 2,113**	$ 1,408	$ 1,262
Interest cost on projected benefit obligation	**26,411**	25,469	24,653	**1,727**	1,330	1,080
Expected return on plan assets	**(29,448)**	(28,476)	(28,675)	**-**	-	-
Amortization of prior service cost	**48**	6	6	**(1,074)**	-	-
Recognized net (gain) loss	**2,960**	1,668	-	**2,632**	223	2,663
Net pension benefit cost (income)	**$ 12,541**	$ 10,159	$ 6,217	**$ 5,398**	$ 2,961	$ 5,005
Net loss (gain)	**$ (2,421)**	$ -	$ -	**$ 11,070**	$ -	$ -
Prior service cost (credit)	**-**	-	-	**-**	-	-
Amortization of prior service cost	**511**	-	-	**(3,436)**	-	-
Additional minimum liability	**-**	-	-	**(6,394)**	6,394	-
Total recognized in other comprehensive income	**$ (1,910)**	$ -	$ -	**$ 1,240**	$ 6,394	$ -
Total recognized in net periodic benefit cost and other comprehensive income	**$ 10,631**	$ 10,159	$ 6,217	**$ 6,638**	$ 9,355	$ 5,005

The company expects to contribute $9,900 to the qualified pension plan and $2,438 to the SERP for plan year 2007 whereas the plans are expected to make the following benefit payments, which reflect expected future service:

	Qualified Pension Plan	SERP
2007	$ 23,362	$ 2,438
2008	23,916	12,820
2009	24,723	9,360
2010	25,785	807
2011	26,513	797
2012 - 2016	147,821	11,231

For plan year 2006, the company made a contribution of $9,809 of which the final payment of $2,452 was paid in January 2007.

The actuarial assumptions used in determining benefit obligations of the pension plans are as follows:

	Qualified Pension Plan		SERP	
December 31	**2006**	2005	**2006**	2005
Discount rate	**5.85%**	5.75%	**5.60%**	5.75%
Average rate of increase in compensation levels	**3.5%**	3.5%	**3.5%**	3.5%

The discount rates take into consideration the populations of our pension plans and the anticipated payment streams as compared to the Citigroup Discount Yield Curve index and rounds the results to the nearest fifth basis point.

The actuarial assumptions used in determining the net periodic benefit cost of the pension plans are as follows:

	Qualified Pension Plan		SERP	
December 31	**2006**	2005	**2006**	2005
Discount rate	**5.75%**	6.0%	**5.75%**	6.0%
Expected return on plan assets	**8.0%**	8.0%	-	-
Average rate of increase in compensation levels	**3.5%**	3.5%	**3.5%**	3.5%

PLAN ASSETS FOR QUALIFIED PENSION PLAN

The expected return on plan assets rate was determined based upon historical returns adjusted for estimated future market fluctuations.

Plan assets are invested in a diversified portfolio consisting of equity and fixed income securities (including $17,074 of common stock of Kaman Corporation at December 31, 2006). The investment policies and goals for pension plan assets are a) to place assets with investment managers approved by the Finance Committee of the Board of Directors, b) to diversify across traditional equity and fixed income asset classes to minimize the risk of large losses, and c) to seek the highest total return (through a combination of income and asset appreciation) consistent with prudent investment practice, and on a five-year moving average basis, not less than the actuarial earnings assumption.

The target equity/fixed income asset allocation ratio is 60%/40% over the long term. If the ratio for any asset class moves outside permitted ranges, the pension plan's Administrative Committee (the management committee that is responsible for plan administration) will act through an immediate or gradual process, as appropriate, to reallocate assets.

The asset allocations by asset category, which are within the permitted ranges, are as follows:

December 31	**2006**	2005
Equity securities	**66%**	64%
Fixed income securities	**34%**	36%
Total	**100%**	100%

Under the current investment policy no investment is made in commodities, nor are short sales, margin buying hedges, covered or uncovered call options, puts, straddles or other speculative trading devices permitted. No manager may invest in international securities, inflation linked treasuries, real estate, private equities, or securities of Kaman Corporation without authorization from the company. In addition, with the exception of U.S. Government securities, managers' holdings in the securities of any one issuer, at the time of purchase, may not exceed 7.5% of the total market value of that manager's account.

Investment manager performance is evaluated over various time periods in relation to peers and the following indexes: Domestic Equity Investments, S&P 500; International Equity Investments, Morgan Stanley EAFE; Fixed Income Investments, Lehman Brothers' Aggregate.

OTHER PLANS

The company also maintains a defined contribution plan which has been adopted by certain of its U.S. subsidiaries. All employees of adopting employers who meet the eligibility requirements of the plan may participate. Employer matching contributions are currently made to the plan with respect to a percentage of each participant's pre-tax contribution. For each dollar that a participant contributes up to 5% of compensation, participating subsidiaries make employer contributions of fifty cents ($.50). Employer contributions to the plan totaled $3,259, $2,950 and $2,917 in 2006, 2005 and 2004, respectively.

One of the company's acquired U.S. subsidiaries maintains its own defined contribution plan for their eligible employees. Employer matching contributions are made on a discretionary basis. Additionally, two of the company's foreign subsidiaries maintain their own small defined benefit plan for their local employees. The pension liabilities of $527 associated with these plans are included in accrued pension costs on the consolidated balance sheets for the periods presented.

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

December 31		**2006**		2005
Supplemental employees' retirement plan	**$**	**32,171**	$	27,961
Long-term pension liability		**13,805**		-
Deferred compensation		**10,309**		9,519
Minority interest		**409**		387
Other		**5,949**		5,365
Total	**$**	**62,643**	$	43,232

Disclosures regarding the assumptions used in the determination of the pension and SERP liabilities are included in Note 14.

The company maintains a non-qualified deferred compensation plan for certain of its employees as well as a non-qualified deferred compensation plan for its Board of Directors. Generally, these participants have the ability to defer a certain amount of their compensation, as defined in the agreement. The deferred compensation liability will be paid out either upon retirement or as requested based upon certain terms in the agreements.

16. COMMITMENTS AND CONTINGENCIES

Rent commitments under various leases for office space, warehouses, land and buildings expire at varying dates from January 2007 to December 2015. The standard term for most leases ranges from 3 to 5 years. Some of the company's leases have rent escalations, rent holidays or contingent rent that are generally recognized on a straight-line basis over the entire lease term. Material leasehold improvements and other landlord incentives are amortized over the shorter of their economic lives or the lease term, including renewal periods, if reasonably assured. Certain annual rentals are subject to renegotiation, with certain leases renewable for varying periods. The company recognizes rent expense for leases on a straight-line basis over the entire lease term.

Lease periods for machinery and equipment range from 1 to 5 years.

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

The following future minimum rental payments are required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2006:

2007	$	17,464
2008		11,778
2009		7,773
2010		4,716
2011		3,245
Thereafter		4,120
Total	$	49,096

Lease expense for all operating leases, including leases with terms of less than one year, amounted to $16,369, $16,502 and $16,585 for 2006, 2005 and 2004, respectively.

The company adopted the provisions of FASB Interpretation No. 47 (FIN 47) on December 31, 2005. Under FIN 47, a conditional asset retirement obligation (CARO), including obligations of a lessee in connection with leased property, must be recorded if the liability can be reasonably estimated. The company currently leases various properties under leases that give the lessor the right to make the determination as to whether the lessee must return the premises to their original condition, except for normal wear and tear. The company cannot at this time reasonably estimate the cost that might be incurred in satisfaction of such conditional obligations, but does not believe such amounts would be material. The company does not normally make substantial modifications to leased property, and many of the company's leases either require lessor approval of planned improvements or transfer ownership of such improvements to the lessor at the termination of the lease. Historically we have not incurred significant costs to return leased premises to their original condition.

LEGAL MATTERS - From time to time, the company is subject to various claims and suits arising out of the ordinary course of business, including commercial, employment and environmental matters. The ultimate results of all such matters is not presently determinable, however based upon its current knowledge and except for the potential effect of the matters described below, management does not expect that their resolution would have a material adverse effect on the company’s consolidated financial position.

The company has two warranty-related matters that primarily impact the FMU-143 program at the Dayron facility. The first item involves a supplier's recall of a switch embedded in certain bomb fuzes. The second item involves bomb fuzes manufactured for the U.S. Army utilizing systems which originated before Dayron was acquired by Kaman that have since been found to contain an incorrect part. The U.S. Army Sustainment Command (USASC), the procurement agency that administers the FMU-143 contract, had authorized the warranty rework in the late 2004/early 2005 timeframe, however the company had not been permitted to finish the work due to issues raised by the USASC primarily related to administrative matters and requests for verification of the accuracy of test equipment (which accuracy was subsequently verified). On December 27, 2006, the USASC notified the company that it was changing its remedy under the warranty clause from correction of the non-conforming fuzes to an "equitable adjustment" of the contract price in the amount of $6,900. The company believes that the USASC is unjustified in attempting to make this change and has responded to that effect to the USASC. The parties are following the procedure established by the contract and if the USASC determines that it will not accept a rework of the fuzes, the company intends to appeal the decision.

As previously reported, a jury verdict was reached on May 17, 2006 in the company's breach of contract suit against the University of Arizona. The jury found in favor of Kaman on its claim that the University breached the contract between the parties and also found in favor of Kaman and against the University on the University's counterclaim for breach of contract. No damages were awarded to either party. The University has appealed the jury verdict to the Arizona Court of Appeals and management currently expects a decision from the court of appeals sometime during 2007.

OTHER MATTERS - During 2006, the company made significant progress toward completion of the requirements of the 1997 production contract with the Commonwealth of Australia by performing Formal Qualification Testing (FQT) of the Integrated Tactical Avionics System (ITAS). During this time, the company also worked with the Commonwealth to resolve previously reported flight safety questions that resulted in grounding of the aircraft early in 2006, and management believes that the cause of the safety concern has been rectified. The Commonwealth also continued to develop additional work scope related to its aircraft certification requirements, which would involve development and testing of new software and hardware requirements for the automatic flight control system. The company has provided a proposal to perform the additional work, which could take up to approximately twenty-nine months.

Meanwhile, the company awaits the result of a previously reported review by the Commonwealth's Minister of Defence regarding the possibility of pursuing an alternative to the Kaman program. The company believes that its program is the most efficient and cost effective method to achieve the Royal Australian Navy's operational needs.

While these activities are ongoing, in January 2007, the Commonwealth also initiated the process that is provided for under the contract to resolve disputes (which would begin with discussions between the parties and could ultimately result in arbitration). The parties subsequently agreed to stop that process and mutually waive, for the present, the expiration of any statute of limitations periods that might be involved in the dispute. The Commonwealth's principal assertions are that the helicopters have not been delivered in a timely manner and the design of the helicopter, particularly the automatic flight control system, is inadequate from a safety perspective. Management believes that its obligations to the Commonwealth under the program are being performed and the design of the SH-2G(A) is safe and proper as demonstrated by the significant operational history of this aircraft type with several countries, including the United States. Management intends to continue its efforts to work with the Commonwealth to develop a satisfactory path forward to complete the SH-2G(A) program, which may include the additional work discussed above.

On July 31, 2006, the company submitted an Offer to Purchase (OTP) to NAVAIR and the General Services Administration to purchase the portion of the Bloomfield campus that the company currently leases from NAVAIR and has operated for several decades for the principal purpose of performing U.S. government contracts. Currently, the OTP is valid through July 31, 2007 and is subject to negotiation of terms mutually acceptable to the company and the government that include, in consideration for the transfer of title, the company's assumption of responsibility for environmental remediation at the facility as necessary to meet the requirements of state law that will apply upon the transfer. As of the date of this report, the company is in discussions with the U.S. government regarding these terms and the company anticipates that the process may take several more months. Thereafter, upon completion of the government's final approval processes and requirements, the company anticipates that transfer of title to the property will take place. In preparation for this, the company is in discussions with the Connecticut Department of Environmental Protection (CTDEP) in order to define the scope of such remediation.

In preparation for disposal of the Moosup, Connecticut facility, CTDEP has given the company conditional approval for reclassification of groundwater in the vicinity of the facility consistent with the character of the area. The company has substantially completed the process of connecting neighboring properties to public drinking water in accordance with such approval and in coordination with the CTDEP and local authorities. The company anticipates that this project will be completed in 2007.

17. COMPUTATION OF EARNINGS (LOSS) PER SHARE

The earnings (loss) per share - basic computation is based on the net earnings (loss) divided by the weighted average number of shares of common stock outstanding for each year.

The earnings (loss) per share - diluted computation assumes that at the beginning of the year the 6% convertible subordinated debentures are converted into common stock with a resultant reduction in interest costs net of tax. The earnings (loss) per share - diluted computation also includes the common stock equivalency of dilutive options granted to employees under the Stock Incentive Plan. Excluded from the earnings (loss) per share - diluted calculation are options granted of 73,700, 65,882 and 184,571 for the years ended December 31, 2006, 2005 and 2004, respectively, to employees that are anti-dilutive based on the average stock price.

		2006		2005		2004
Earnings (loss) per share - basic						
Net earnings (loss)	**$**	**31,786**	$	13,028	$	(11,822)
Weighted average shares outstanding (000)		**24,036**		23,038		22,700
Earnings (loss) per share - basic	**$**	**1.32**	$	.57	$	(.52)
Earnings (loss) per share - diluted						
Net earnings (loss)	**$**	**31,786**	$	13,028	$	(11,822)
Plus:						
After-tax interest savings on convertible debentures		**609**		546		-
Net earnings (loss) assuming conversion	**$**	**32,395**	$	13,574	$	(11,822)
Weighted average shares outstanding (000)		**24,036**		23,038		22,700
Plus shares issuable on:						
Conversion of 6% convertible debentures		**719**		796		-
Exercise of dilutive options		**114**		135		-
Weighted average shares outstanding assuming conversion (000)		**24,869**		23,969		22,700
Earnings (loss) per share - diluted [1]	**$**	**1.30**	$	.57	$	(.52)

1: The calculated diluted earnings (loss) per share amount for 2004 is anti-dilutive, therefore, amount shown is equal to the basic earnings (loss) per share calculation. Potentially dilutive average shares outstanding of 942,000 from the conversion of the debentures and the exercise of dilutive stock options for the year ended December 31, 2004 have been excluded from the average diluted shares outstanding due to the loss from operations in that year. Additionally, after-tax interest savings on convertible debentures of $807 for the year ended December 31, 2004 has been excluded from net earnings (loss) due to the loss from operations in that year.

18. SHARE-BASED ARRANGEMENTS

On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)) related to accounting for share-based payments and, accordingly, we are now recording compensation expense for share-based awards based upon an assessment of the grant date fair value of the awards. Prior to 2006, share-based compensation was accounted for in accordance with Accounting Principles Board Opinion No. 25. We are using the modified prospective method of adoption, which allows us to apply SFAS 123(R) on a going-forward basis rather than restating prior periods.

The company accounts for stock options and restricted stock as equity awards whereas the stock appreciation rights and employee stock purchase plan are accounted for as liability awards.

The following table summarizes share-based compensation expense recorded during each period presented:

	2006	2005	2004
Stock options	**$ 893**	$ -	$ -
Restricted stock awards	**729**	555	967
Stock appreciation rights	**1,036**	8,265	212
Employee stock purchase plan	**209**	-	-
Total share-based compensation expense	**$ 2,867**	$ 8,820	$ 1,179

Compensation expense for stock options and restricted stock awards, which is recorded in general and administrative expense, is recognized on a straight-line basis over the vesting period of the award. The expense recorded for stock appreciation rights includes a cumulative effect adjustment of $105 recorded as of the beginning of 2006 as a result of adopting SFAS 123(R) to reflect the effect of changing our valuation methodology to record compensation expense from intrinsic value to fair value.

STOCK OPTION ACCOUNTING - The following table reflects pro forma net earnings and earnings per share for the twelve months ended December 31, 2005 and 2004 as if we had applied the fair value method.

	2005	2004
Net earnings (loss):		
As reported	$ 13,028	$ (11,822)
Stock compensation expense reported in net earnings, net of tax effect	5,468	1,330
Less pro forma stock compensation expense, net of tax effect	(6,215)	(2,069)
Pro forma net earnings (loss)	$ 12,281	$ (12,561)
Earnings (loss) per share - basic:		
As reported	.57	(.52)
Pro forma	.53	(.55)
Earnings (loss) per share - diluted:		
As reported	.57	(.52)
Pro forma	.53	(.55)

STOCK INCENTIVE PLAN - The 2003 Stock Incentive Plan (the “2003 Plan”) provides for the issuance of 2,000,000 shares of common stock and includes a continuation and extension of the predecessor plan. As with the predecessor plan, the 2003 Plan provides for equity compensation awards, including principally incentive and non-statutory stock options, restricted stock, stock appreciation rights, and long-term incentive program (LTIP) awards. In addition, the 2003 Plan contains provisions intended to qualify the LTIP under Section 162(m) of the Internal Revenue Code of 1986, as amended. As of December 31, 2006, there were 1,644,794 shares available for grant under the plan.

LTIP awards provide certain senior executives an opportunity to receive award payments in either stock or cash as determined by the Personnel and Compensation Committee in accordance with the Plan, at the end of a three-year performance cycle. For the performance cycle, the company’s financial results are compared to the Russell 2000 indices for the same periods based upon the following: (a) average return on total capital, (b) earnings per share growth and (c) total return to shareholders. No awards will be payable unless the company’s performance is at least in the 25th percentile of the designated indices. The maximum award is payable if performance reaches the 75^{th} percentile of the designated indices. Performance between the 25th and 75th percentiles is determined by straight-line interpolation. Through 2006, all of the LTIP awards have been paid in cash.

Stock options are granted with an exercise price equal to the average market price of our stock at the date of grant. Options and Stock Appreciation Rights (SARs) granted under the plan generally expire ten years from the date of grant and vest 20% each year over a 5-year period on each of the first five anniversaries from the date of grant. Restricted stock awards (RSA) are generally granted with restrictions that lapse at the rate of 20% per year over a 5-year period on each of the first five anniversaries from the date of grant. Generally, these awards are subject to forfeiture if a recipient separates from service with the company.

Stock option activity is as follows:

STOCK OPTIONS OUTSTANDING:	OPTIONS		WEIGHTED-AVERAGE EXERCISE PRICE
Balance at January 1, 2004	1,275,670	$	13.67
Options granted	176,565		14.03
Options exercised	(48,350)		10.13
Options cancelled	(76,080)		14.07
Balance at December 31, 2004	1,327,805		13.82
Options granted	305,500		11.62
Options exercised	(663,262)		13.84
Options cancelled	(59,800)		12.89
Balance at December 31, 2005	910,243		13.13
Options granted	161,600		21.32
Options exercised	(137,244)		13.13
Options cancelled	(33,960)		15.97
Balance at December 31, 2006	900,639	$	14.49

The following table presents information regarding options outstanding as of December 31, 2006:

Weighted-average contractual remaining term - options outstanding		6.53 years
Aggregate intrinsic value - options outstanding	$	7,320
Options exercisable		357,420
Weighted-average exercise price - options exercisable	$	14.20
Aggregate intrinsic value - options exercisable	$	3,008
Weighted-average contractual remaining term - options exercisable		4.58 years

As of December 31, 2005 and 2004 there were 301,831and 814,240 options exercisable, respectively.

Intrinsic value represents the amount by which the market price of the stock on the measurement date exceeded the exercise price of the option. The intrinsic value on the date of exercise of options that were exercised in 2006 was $1,388. The company's policy for issuing shares upon stock option exercises is to issue those shares from treasury stock. The company currently has an open stock repurchase plan which would enable the company to repurchase shares as needed.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. The following table indicates the weighted-average assumptions used in estimating fair value in 2006, 2005 and 2004:

	2006	2005	2004
Expected option term	**6.5 years**	8 years	8 years
Expected volatility	**41.5%**	40.0%	45.0%
Risk-free interest rate	**4.5%**	4.2%	4.1%
Expected dividend yield	**2.5%**	3.8%	3.1%
Per share fair value of options granted	**$7.96**	$3.73	$5.36

The expected term for options represents an estimate of the period of time the stock options are expected to remain outstanding and is generally based upon an analysis of the historical behavior of stock option holders during the period from 1995 through 2005.

The volatility assumption is based on the historical daily price data of the company's stock over a period equivalent to the weighted-average expected term of the options. Management evaluates whether there were factors during that period which were unusual and which would distort the volatility figure if used to estimate future volatility and concluded that there were no such factors.

The risk-free interest rate assumption is based upon the interpolation of various U.S. Treasury rates determined at the date of option grant. Expected dividends are based upon a historical analysis of our dividend yield over the past year.

Restricted Stock activity is as follows:

Restricted Stock outstanding:	RSA		Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2006	56,580	$	12.79
RSA granted	45,475		22.24
RSA vested	(46,260)		17.35
RSA cancelled	(2,100)		21.38
Nonvested at December 31, 2006	53,695	$	16.52

The grant date fair value for restricted stock is the average market price of the unrestricted shares on date of grant. Prior to adopting SFAS 123(R), the fair value of nonvested awards (restricted stock and deferred stock units) was recorded to additional paid-in capital with the offsetting entry posted to unamortized restricted stock awards, also an equity account. The unearned compensation was then amortized to compensation expense related to equity awards over the vesting period using the straight-line method. With the adoption of SFAS 123(R), we offset $454 of unearned compensation against additional paid-in capital.

Stock Appreciation Rights activity is as follows:

SARs outstanding:	SARs		Weighted-Average Exercise Price
Balance at January 1, 2006	241,780	$	11.51
SARs granted	-		-
SARs exercised	(102,720)		12.67
SARs cancelled	-		-
Balance at December 31, 2006	139,060	$	10.65

Total cash paid to settle stock appreciation rights (at intrinsic value) for 2006 and 2005 was $1,227 and $7,373, respectively. SARs are re-evaluated on a quarterly basis using the Black-Scholes valuation model.

We record a tax benefit and associated deferred tax asset for compensation expense recognized on non-qualified stock options and restricted stock for which we are allowed a tax deduction. For 2006, we recorded a tax benefit of $307 for these two types of compensation expense.

The windfall tax benefit is the tax benefit realized on the exercise of non-qualified stock options and disqualifying dispositions of stock acquired by exercise of incentive stock options and Employee Stock Purchase Plan stock purchases in excess of the deferred tax asset originally recorded. The total windfall tax benefit realized in 2006 was $344.

As of December 31, 2006, future compensation costs related to non-vested stock options and restricted stock grants is $1,804. Management anticipates that this cost will be recognized over a weighted-average period of 1.81 years.

EMPLOYEE STOCK PURCHASE PLAN - The Kaman Corporation Employees Stock Purchase Plan allows employees to purchase common stock of the company, through payroll deductions, at 85% of the market value of shares at the time of purchase. The plan provides for the grant of rights to employees to purchase a maximum of 1,500,000 shares of common stock. There are no charges or credits to income in connection with the plan for 2005 or 2004 as the plan was considered non-compensatory prior to the adoption of SFAS 123(R). During 2006, 68,930 shares were issued to employees at prices ranging from $16.86 to $24.59. During 2005, 83,485 shares were issued to employees at prices ranging from $9.46 to $20.15, and during 2004, 111,669 shares were issued at prices ranging from $9.45 to $12.61. At December 31, 2006, there were 471,403 shares available for purchase under the plan.

19. SEGMENT INFORMATION

The company reports results in three business segments - Aerospace, Industrial Distribution and Music.

The Aerospace segment produces aircraft structures and components for military and commercial aircraft, including specialized aircraft bearings, and supports the SH-2G Super Seasprite naval helicopter and the K-MAX medium-to-heavy lift helicopter, and provides various advanced technology products serving critical specialized markets including missile and bomb fuzing.

The Industrial Distribution segment is the nation’s third largest distributor of power transmission, motion control, material handling and electrical components and a wide range of bearings. Products and value-added services are offered to a customer base of more than 50,000 companies representing a highly diversified cross-section of North American industry.

The Music segment is the largest independent U.S. distributor of musical instruments and accessories, offering more than 20,000 products for amateurs and professionals. Proprietary products include Ovation®, Takamine®, and Hamer® guitars, Latin Percussion® and Toca® instruments, Gibraltar® percussion hardware and Gretsch® professional drum sets. During 2006, the segment converted our distribution agreement with Sabian® Cymbals into an exclusive contract, expanding an important product offering to proprietary brand status. Additionally effective January 1, 2007, Elixir® Strings selected the segment as its exclusive U.S. distributor.

Summarized financial information by business segment is as follows:

	2006	2005	2004
Net sales:			
Aerospace	**$ 326,002**	$ 287,945	$ 252,348
Industrial Distribution	**665,420**	621,933	581,843
Music	**214,732**	191,318	161,001
	$ 1,206,154	$ 1,101,196	$ 995,192
Operating income (loss):			
Aerospace	**$ 48,140**	$ 33,285	$ (14,303)
Industrial Distribution	**35,160**	29,415	19,338
Music	**11,555**	13,016	11,085
Net gain (loss) on sale of assets	**(52)**	(27)	199
Corporate expense	**(35,426)**	(42,932)	(28,850)
Operating income (loss)	**59,377**	32,757	(12,531)
Interest expense, net	**(6,179)**	(3,046)	(3,580)
Other expense, net	**(919)**	(860)	(1,053)
Earnings (loss) before income taxes	**$ 52,279**	$ 28,851	$ (17,164)
Identifiable assets:			
Aerospace	**$ 285,606**	$ 266,369	$ 289,343
Industrial Distribution	**188,672**	175,725	164,711
Music	**111,861**	117,347	76,764
Corporate	**44,274**	39,056	31,513
	$ 630,413	$ 598,497	$ 562,331
Capital expenditures:			
Aerospace	**$ 8,867**	$ 5,445	$ 3,615
Industrial Distribution	**2,930**	2,748	2,709
Music	**1,120**	1,474	1,074
Corporate	**302**	199	141
	$ 13,219	$ 9,866	$ 7,539
Depreciation and amortization:			
Aerospace	**$ 5,834**	$ 5,596	$ 5,468
Industrial Distribution	**2,285**	2,057	1,972
Music	**1,718**	1,371	963
Corporate	**635**	531	566
	$ 10,472	$ 9,555	$ 8,969

Operating income is total revenues less cost of sales and selling, general and administrative expense including corporate expense. Operating income includes net gain on sale of product lines and other assets.

During 2006 and 2005, the Aerospace segment recorded an additional $9,701 and $16,810 charge, respectively, for accrued contract loss on the SH-2G(A) program. Additionally during 2005, the Aerospace segment recorded a $6,754 recovery of previously written off MDHI sales and accounts receivable. Music segment operating income includes results for Musicorp since the date of acquisition in August 2005. In 2005, corporate expense included $8,265 of stock appreciation rights expense and $3,339 of consulting expenses related to the recapitalization.

Results for 2004 included the following adjustments: $20,083 (including $18,211 negative sales adjustments and $1,872 increase in bad debt reserve) related to the company’s investment in MDHI programs; $7,086 non-cash adjustment for the Boeing Harbour Pointe program; $5,474 charge for the Australian SH-2G(A) program; $3,507 warranty reserve for two product warranty related issues and $3,471 non-cash adjustment related to the University of Arizona matter.

Identifiable assets are year-end assets at their respective net carrying values segregated as to segment and corporate use.

For the periods presented, the corporate identifiable assets are principally comprised of cash, short-term and long-term deferred income tax assets, cash surrender value for our life insurance policies and fixed assets. The increase in corporate assets in 2006 is primarily due to an increase in prepaid expense and other assets related to additional life insurance contributions. Corporate assets increased in 2005 primarily due to an increase in net deferred tax assets.

Net sales by the Aerospace segment made under contracts with U.S. Government agencies (including sales to foreign governments through foreign military sales contracts with U.S. Government agencies) totaled $156,060, $120,683 and $112,540 in 2006, 2005 and 2004, respectively.

Sales are attributed to geographic regions based on their location of origin. Geographic distribution of sales are as follows:

	2006	2005	2004
United States	**$ 1,036,380**	$ 943,159	$ 859,539
Australia/New Zealand	**28,854**	26,106	44,278
Canada	**48,598**	45,039	37,205
Europe	**48,623**	40,198	29,857
Mexico	**19,327**	18,469	13,462
Japan	**11,569**	18,671	4,272
Other	**12,803**	9,554	6,579
	$ 1,206,154	$ 1,101,196	$ 995,192

Exhibit 21

KAMAN CORPORATION

SUBSIDIARIES

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

Name	State of Incorporation
Registrant: KAMAN CORPORATION	Connecticut
Subsidiaries:	
Kaman Aerospace Group, Inc.	Connecticut
Kaman Aerospace Corporation	Delaware
K-MAX Corporation	Connecticut
Kaman Aerospace International Corporation	Connecticut
Kaman X Corporation	Connecticut
Kamatics Corporation	Connecticut
Kaman PlasticFab Group, Inc.	Delaware
Plastic Fabricating Company, Inc.	Delaware
Kaman Dayron, Inc.	Florida
RWG Frankenjura-Industrie Flugwerklager GmbH	Germany
Kaman Industrial Technologies Corporation	Connecticut
Kaman Industrial Technologies, Ltd.	Canada
Delamac de Mexico, S.A. de C.V. (90.82%)	Mexico
Kaman Music Corporation	Connecticut
KMI Europe, Inc.	Delaware
B & J Music Ltd.	Canada
Genz Benz Enclosures, Inc.	Arizona
Musicorp, LLC (Musicorp, Inc. converted to a limited liability company effective January 1, 2007)	Delaware

Exhibit 23

KPMG LLP
One Financial Plaza
Hartford, CT 06103-4103

We consent to incorporation by reference in the Registration Statements (Nos. 333-116371 and 333-66183) on Form S-8 and (No. 333-127649) on Form S-4 of Kaman Corporation of our report dated March 1, 2007, with respect to the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2006 and 2005 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2006, and the related financial statement schedules, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006, which report appear in the December 31, 2006 Annual Report on Form 10-K of Kaman Corporation.

Our report dated March 1, 2007 contains an explanatory paragraph that states that the Company changed its method of accounting for share-based payments and defined benefit plans as of January 1, 2006 and December 31, 2006, respectively.

/s/ KPMG

Hartford, Connecticut
March 1, 2007

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned does hereby appoint and constitute Paul R. Kuhn and Robert M. Garneau and each of them as his or her agent and attorney-in-fact to execute in his or her name, place and stead (whether on behalf of the undersigned individually or as an officer or director of Kaman Corporation or otherwise) the Annual Report on Form 10-K of Kaman Corporation respecting its fiscal year ended December 31, 2006 and any and all amendments thereto and to file such Form 10-K and any such amendment thereto with the Securities and Exchange Commission. Each of the said attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 20th day of February, 2007.

Robert Alvine	Edwin A. Huston
Brian E. Barents	Eileen S. Kraus
E. Reeves Callaway III	Paul R. Kuhn
John A. DiBiaggio	Richard J. Swift
Karen M. Garrison	

Exhibit 31.1

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, Paul R. Kuhn, certify that:

1. I have reviewed this annual report on Form 10-K of Kaman Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2007

By: /s/ Paul R. Kuhn
Paul R. Kuhn
Chairman, President and
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, Robert M. Garneau, certify that:

1. I have reviewed this annual report on Form 10-K of Kaman Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2007

By: /s/ Robert M. Garneau
Robert M. Garneau
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Kaman Corporation (the "Corporation") on Form 10-K for the fiscal year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul R. Kuhn, Chairman, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ Paul R. Kuhn

Paul R. Kuhn
Chairman, President and
Chief Executive Officer
Date: March 1, 2007

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Kaman Corporation (the "Corporation") on Form 10-K for the fiscal year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert M. Garneau, Executive Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ Robert M. Garneau

Robert M. Garneau
Executive Vice President and
Chief Financial Officer
Date: March 1, 2007