

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, 2000

OR

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

For the transition period from to

Commission File No. 0-1093

KAMAN CORPORATION

(Exact Name of Registrant)

Connecticut

06-0613548

(State of Incorporation) (I.R.S. Employer Identification No.)

1332 Blue Hills Avenue, Bloomfield, Connecticut 06002

(Address of principal executive offices)

Registrant's telephone number, including area code-

(860) 243-7100

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

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

-Class A Common Stock, Par Value \$1.00

-6% Convertible Subordinated Debentures Due 2012

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

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

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

\$334,467,812 as of February 1, 2001.

Indicate the number of shares outstanding of each of the  
registrant's classes of common stock as of the latest  
practicable date (February 1, 2001).

Class A Common	21,599,776	shares
Class B Common	667,814	shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Corporation's 2000 Annual Report to  
Shareholders are incorporated by reference and filed as  
Exhibit 13 to this Report.

PART I

ITEM 1. BUSINESS

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

The Aerospace segment serves commercial, U.S. defense and foreign  
government markets. Its principal programs consist of its SH-2G  
maritime helicopter, K-MAX (Registered Trademark) medium-to-heavy  
lift helicopter, subcontract work involving aircraft structures  
and the manufacture of components such as self-lubricating  
bearings and advanced technology products. The Industrial  
Distribution segment serves nearly every sector of U.S. industry  
with industrial repair and OEM products as well as support  
services. The Music Distribution segment serves domestic and  
foreign markets with a wide variety of musical instruments and  
accessories and manufactures guitars and other music products for  
professional and amateur musicians.

## AEROSPACE

The Aerospace segment consists of several operating subsidiaries of Kaman Aerospace Group, Inc., including Kaman Aerospace Corporation, Kaman Aerospace International Corporation, K-MAX Corporation, and Kamatics Corporation.

The segment's largest program is the SH-2G Super Seasprite helicopter, an advanced, intermediate-weight, multi-mission, maritime aircraft that increases a ship's effectiveness by expanding its surveillance capability, providing over-the-horizon warning and targeting of potential threats, and contributing to the ship's combat capabilities. At present, the program generally involves retrofit of the corporation's SH-2F helicopters (in storage) to the SH-2G configuration.

The corporation currently has commercial contracts with the Commonwealth of Australia and the Government of New Zealand for the supply of SH-2G helicopters. The aircraft is also in service with the Egyptian Air Force and the U.S. Navy Reserves.

The program for New Zealand involves five (5) SH-2G(NZ) aircraft, and support, for New Zealand defense forces. The contract has an anticipated value of \$180 million (US). Work is proceeding on this program and deliveries are scheduled to begin early in the second quarter of 2001.

The program for Australia involves eleven (11) SH-2G(A) aircraft with support, including a support services facility, for the Royal Australian Navy. The total contract has an anticipated value of about \$680 million (US) and the helicopter production portion of the work is valued at \$559 million (US). The Australian SH-2G(A) will contain an integrated tactical avionics system ("ITAS") that will provide the most sophisticated, integrated cockpit and weapons system available in an intermediate-weight helicopter. With expanded surveillance capability that provides over-the-horizon warning and targeting of potential threats, the SH-2G is well adapted for foreign allies that have structured their navies around smaller ships.

Litton Guidance and Control Systems, a division of Litton Systems, Inc. and Litton Industries, Inc., has been a major subcontractor for both the Australia and New Zealand programs, being responsible for providing avionics system hardware and integration software. In addition, Litton has been the designer and integrator of the ITAS system specific to the Australia program. Litton had stated that it was incurring additional costs to perform its fixed price contract with the corporation for the Australia program and submitted claims for such costs to the corporation during 2000. The corporation's evaluation of the matter was different from Litton's and the corporation had, in turn, submitted claims to Litton. In an effort to resolve the entire matter, the parties conducted a mediation in early February 2001. As a result of that process, the parties arrived at an agreement in principle under which the corporation will make certain milestone payments to Litton as it completes work on hardware and certain software contemplated under the fixed price contract and Litton will release its claims against the corporation. In return, Litton will transfer to the corporation a software integration laboratory, software and intellectual property rights and the corporation will release its claims against Litton. In addition, upon performance of the items described above, Litton's significant program responsibilities for the Australia program will end and the corporation will assume responsibility for several remaining elements of the project. The corporation has already begun to work with identified subcontractors (who must be acceptable to the Australian government) to negotiate contracts to perform those elements. As these contracts are developed, the overall impact of resolution of the Litton matter upon costs and profitability for the Australia program will become better understood. There will be a delay in delivery of the full ITAS system to the Australian government, although deliveries of helicopters without the full ITAS system are scheduled to begin during the first quarter of 2001 and the corporation is working with the Royal Australian Navy to coordinate these deliveries.

During 2000, the corporation continued to provide on-site support in the Republic of Egypt for ten (10) SH-2G helicopters that were delivered in 1998 under that country's foreign military sale agreement with the U.S. Navy.

The SH-2 is an aircraft that was originally manufactured for the U.S. Navy. This is no longer done, however, there are currently five (5) aircraft maintained in the U.S. Navy Reserve's active fleet. While these aircraft remain in service, the corporation will continue providing logistics and spare parts support for the aircraft. The corporation has taken a consignment of the U.S. Navy's inventory of SH-2 spare parts and has executed a longer term agreement with the Department of the Navy. The overall objective is for the corporation to provide further support of U.S. Naval Reserve requirements while having the ability to utilize certain inventory for support of other SH-2G programs.

The corporation continues efforts to build and enhance familiarization with the SH-2's capabilities among various governments around the world. This market is highly competitive, takes time to develop, and is influenced by economic and political conditions. The corporation continues to actively pursue this business, including possible further orders from current customers.

The corporation also manufactures the K-MAX medium-to-heavy lift helicopter which has a variety of potential applications, including logging, power line and oil rig construction, fire fighting, and other commercial applications. The K-MAX program, which began in late 1994, is based on the corporation's intermeshing rotor technology with servo-flap control. Constructed with fewer components and less airframe weight, the K-MAX has increased payload capacity and lower manpower, maintenance and spare parts inventory requirements, resulting in a cost-effective tool for industries requiring medium-to-heavy repetitive lift capabilities. The corporation has been conservative in its production of this aircraft since inception. During 2000, the Corporation sold four (4) helicopters to commercial customers operating in the U.S., Europe, and Taiwan, principally for logging and construction. In December, 2000, the corporation was awarded a \$21 million contract from the U.S. State Department for the purchase of five (5) helicopters, equipment and spare parts to be used in Peru in support of anti-drug efforts. The corporation recognized revenue from two (2) of these aircraft in 2000 and the contract is expected to be completed during the second quarter of 2001. The corporation continues its efforts to refocus sales development on global market opportunities in industry and government. The K-MAX program has experienced significant market difficulties during the past few years, due in part to conditions in the

commercial logging industry, the aircraft's principal application to date. Overall, management expects that successful sales development as well as profitability for the entire program will take some time to achieve.

The corporation is a subcontractor on a number of commercial and defense aviation programs, including production of wing structures and other components for virtually all Boeing commercial aircraft as well as components for the Boeing C-17 transport, the Comanche helicopter and the F-22 fighter. The corporation also manufactures self-lubricating bearings for use principally in aircraft flight controls, turbine engines and landing gear, which are used extensively in today's commercial jetliners, as well as driveline couplings for use principally in helicopters. Although this business experienced some softness in the market during the year, there are signs that the commercial aircraft market is strengthening. The corporation has been pursuing opportunities and won several significant contracts during 2000. Specifically, MD Helicopters selected the corporation to supply fuselages for its entire line of single-engine helicopters, including the MD600N, MD520N, MD530F and MD 500E helicopters. This multi-year program has an estimated potential value of \$100 million. MD Helicopters also selected the corporation to supply composite rotor systems for its MD Explorer helicopter under a multi-year contract with an estimated potential value, including options, of \$75 million. Boeing, an important customer of the Aerospace segment, awarded the corporation a three-year follow-on contract to supply structural parts for Boeing's line of commercial aircraft, including fixed trailing edge kits for Boeing 777 and 767 aircraft and other parts and subassemblies for those aircraft as well as the 737, 747 and 757 aircraft. The Boeing contract has an estimated potential value of \$98 million and contains a three-year option.

Among its smaller programs, the Aerospace segment develops and manufactures advanced technology products, including high-reliability memory systems used in many airborne, shipboard and ground-based programs; safe, arm and fuzing devices used in a wide range of missiles, including the Tomahawk Missile; high-precision non-contact measuring systems and high-performance microwave cable assemblies with commercial and military applications; and high-power permanent magnet motors used commercially in the oil service industry and militarily for a variety of uses. In 2000, the corporation was chosen by Litton Ingalls Shipbuilding as part of a Newport News Shipbuilding-led team to begin preliminary design of electric propulsion motors and drive electronics in an industry competition for the U.S. Navy's proposed next-generation DD21 destroyer.

The Aerospace segment is continuing to implement "lean-thinking" strategies throughout the organization in order to further enhance efficiency and reduce costs.

## INDUSTRIAL DISTRIBUTION

The Industrial Distribution segment consists of Kaman Industrial Technologies Corporation and its Canadian subsidiary, Kaman Industrial Technologies, Ltd.

This segment is one of the nation's largest industrial distributors, supplying nearly every sector of North American industry with electrical and mechanical power transmission and bearing, motion control and material handling components through its network of branches and distribution centers across the U.S. and in British Columbia, Canada. The company offers more than one million individual items in various product groups, ranging from virtually every type of bearing made, from simple nylon sleeve bearings to super-precision ceramic hybrids; hydraulic and pneumatic products and services; power transmission components and materials handling equipment; electrical products and components, including AC/DC electric motors, AC/DC adjustable speed drives, controls and sensors; linear motion components and subsystems, including linear bearings, bushings, shafts, rails and ball screws; to accessories and maintenance items such as lubricants, adhesives, sealants, chemicals, specialty tools, and other products. The products that the segment purchases for distribution are for the most part derived from traditional technologies, although the segment is increasingly selling products with the higher technological content required to support automated production processes.

In addition to providing products, the segment can also monitor processes for efficiency and improvement opportunity, and provide inventory management, just-in-time delivery, and cost savings analysis (called Documented Savings). The segment's state-of-the-art computer system provides electronic data interchange and direct links to customers' and suppliers' purchasing departments, handling the process from invoice creation and proposal requests to purchase orders while its technologically advanced warehouse management system and strategically located distribution centers provide the segment the ability to provide same day or next day delivery of a great majority of products offered. In addition, during 2000 the segment implemented its internet e-Commerce site which contains a complete catalog of product offerings and provides an important new channel for both current and new customers to transact business with the segment.

The segment benefited during 2000 from healthy market conditions and internal initiatives implemented early in the year in order to increase efficiency and service to customers. These initiatives included consolidation of branch operations, a reorganization of the sales, marketing and field management structure, and enhanced inventory controls. Since the segment's customers include nearly every sector of U.S. industry, this business tends to be influenced by industrial production levels. Sales in the fourth quarter of the year were affected by some weakness in industrial production and management is monitoring the economic situation during 2001.

#### MUSIC DISTRIBUTION

The Music Distribution segment consists of Kaman Music Corporation, KMI Europe, Inc., and a Canadian subsidiary, B & J Music Ltd.

This segment is the largest independent distributor of musical instruments and accessories in the U.S., offering more than 10,000 musical instruments and accessories world-wide for use by amateurs and professionals. Products range from the segment's proprietary products, including Ovation (Registered Trademark) and Hamer (Registered Trademark) guitars, as well as the Takamine (Registered Trademark) guitar line to a full line of distributed fretted instruments, percussion instruments, and music accessories. The segment's product line was expanded in 2000 when it was selected by Fred Gretsch Enterprises to manage global sales and marketing for Gretsch (Registered Trademark) brand professional quality drum products. To enhance its service to customers, the segment maintains a state-of-the-art supply chain management software system that enables it to offer customers such services as inventory management, just-in-time delivery, Internet access, and electronic data interchange. The segment has also implemented a business to business e-Commerce site and continues to look for ways to reduce costs and improve efficiency.

## FINANCIAL INFORMATION

Information concerning each segment's performance for the last three fiscal years is included in the corporation's 2000 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and is incorporated by reference.

## PRINCIPAL PRODUCTS AND SERVICES

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

	Years Ended December 31		
	1998*	1999*	2000
	-----	-----	-----
Aerospace	37.6%	37.3%	37.0%
Industrial Distribution	50.6%	50.8%	50.5%
Music Distribution	11.8%	11.9%	12.5%
	-----	-----	-----
Total	100.0%	100.0%	100.0%

\*Effective December 31, 2000, the corporation adopted Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." Therefore, freight charged to customers in the Industrial Distribution and Music Distribution segments is now included in sales rather than as an offset to freight expense. Therefore, the percentage contribution for 1998 and 1999 have been restated.

## RESEARCH AND DEVELOPMENT EXPENDITURES

Government sponsored research expenditures by the Aerospace segment were \$10.2 million in 2000, \$11.3 million in 1999, and \$13.2 million in 1998. Independent research and development expenditures were \$5.5 million in 2000, \$4.9 million in 1999, and \$8.5 million in 1998.



## BACKLOG

Program backlog of the Aerospace segment was approximately \$439.9 million at December 31, 2000, \$580.1 million at December 31, 1999, and \$757.1 million at December 31, 1998. The Aerospace segment's award of the commercial contracts with the governments of Australia and New Zealand resulted in a significant increase in backlog during 1997. As the Aerospace segment completes its work on these programs, the segment's backlog is decreasing and returning to more historic levels.

The corporation anticipates that approximately 56% of its backlog at the end of 2000 will be performed in 2001. Approximately 15.1% of the backlog at the end of 2000 is related to U.S. government contracts or subcontracts which are included in backlog to the extent that funding has been appropriated by Congress and allocated to the particular contract by the relevant procurement agency. Virtually all of these funded government contracts have been signed.

## GOVERNMENT CONTRACTS

During 2000, approximately 87.4% of the work performed by the corporation 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 corporation's United States government contracts and subcontracts contain the usual required provisions permitting termination at any time for the convenience of the government with payment for work completed and associated profit at the time of termination.

## COMPETITION

The Aerospace segment operates in a highly competitive environment with many other organizations which are substantially larger and have greater financial and other resources. The corporation competes with other helicopter manufacturers on the basis of price, performance, and mission capabilities; and also on the basis of its experience as a manufacturer of helicopters, the quality of its products and services, and the availability of facilities, equipment and personnel to perform contracts. Consolidation in the industry has increased the level of international competition for helicopter programs. The corporation is also affected by the political and economic circumstances of its potential foreign

customers. The corporation's FAA certified K-MAX helicopters compete with military surplus helicopters and other commercial helicopters used for lifting, as well as with alternative methods of meeting lifting requirements. The corporation competes for its subcontract aircraft structures and components business on the basis of price and quality; product endurance and special performance characteristics; proprietary knowledge; and the reputation of the corporation.

Industrial distribution operations are subject to a high degree of competition from several other national distributors, two of which are substantially larger than the corporation; and from many regional and local firms. Competitive forces are intensifying as the major competitors grow through consolidation.

Music distribution operations compete with domestic and foreign distributors. Certain musical instrument products manufactured by the corporation are subject to competition from U.S. and foreign manufacturers as well. The corporation competes in these markets on the basis of service, price, performance, and inventory variety and availability. The corporation also competes on the basis of quality and market recognition of its music products and has established certain trademarks and trade names under which certain of its music products are produced, as well as under private label manufacturing in a number of foreign countries.

#### FORWARD-LOOKING STATEMENTS

This report contains forward-looking information relating to the corporation's business and prospects, including the SH-2G and K-MAX helicopter programs, aircraft structures and components, the industrial and music distribution businesses, 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) political developments in countries where the corporation intends to do business; 2) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 3) economic and competitive conditions in markets served by the corporation, including industry consolidation in the United States and global economic conditions; 4) timing of satisfactory completion of the Australian SH-2G(A) program; 5) the timing, degree and scope of market acceptance for products such as a repetitive lift helicopter; 6) U.S. industrial production levels; 7) currency exchange rates, taxes, laws and regulations, inflation rates, general business conditions and other factors. Any forward-looking information should be considered with these factors in mind.

## EMPLOYEES

As of December 31, 2000, the Corporation employed 3,825 individuals throughout its business segments and corporate headquarters as follows:

Aerospace	1,885
Industrial Distribution	1,493
Music Distribution	382
Corporate Headquarters	65
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	3,825

## PATENTS AND TRADEMARKS

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

Although the corporation's patents enhance its competitive position, management believes that none of such patents or patent applications is singularly or as a group essential to its business as a whole. The corporation holds or has applied for U.S. and foreign patents with expiration dates that range through the year 2020.

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

Segment	U.S. PATENTS		FOREIGN PATENTS	
	Issued	Pending	Issued	Pending
Aerospace	66	4	35	7
Industrial Distribution	0	0	0	0
Music Distribution	6	3	14	0
	--	--	--	--
	72	7	49	7

Trademarks of Kaman Corporation include Adamas, Applause, Hamer, KAFlex, Karon, K-MAX, Magic Lantern, and Ovation. In all, the corporation maintains 210 U.S. and foreign trademarks with 23 applications pending, most of which relate to music products in the Music Distribution segment.

## COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

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

The corporation is subject to the usual reviews, 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. One such matter, Rocque vs. Kaman, is discussed in Item 3 (Legal Proceedings). Also on occasion the corporation has been identified as a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency ("EPA") in connection with the EPA's investigation of certain third party facilities. In each instance, the corporation has provided appropriate responses to all requests for information that it has received, and the matters have been resolved either through de minimis settlements, consent agreements, or through no further action being taken by the EPA or the applicable state agency with respect to the corporation. With respect to any such matters which may currently be pending, the corporation has been able to determine, based on its current knowledge, that resolution of such matters is not likely to have a material adverse effect on the future financial condition of the corporation.

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

## FOREIGN SALES

Twenty-three and four tenths percent (23.4%) of the sales of the corporation made in 2000 were to customers located outside the United States. In 2000, the corporation continued its efforts to develop international markets for its products and foreign sales (including sales for export); and during 2000 the corporation continued to perform work under contracts with the Commonwealth of Australia and the Government of New Zealand for the supply of retrofit SH-2G helicopters. Additional information required by this item is included in the corporation's 2000 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and is incorporated herein by reference.

## ITEM 2. PROPERTIES

The corporation occupies approximately 3.26 million square feet of space throughout the United States and in Canada and Australia, distributed as follows:

SEGMENT	SQUARE FEET (in thousands as of 12/31/00)
Aerospace	1,613
Industrial Distribution	1,096
Music Distribution	513
Corporate Headquarters	40
	-----
Total	3,262

The Aerospace segment's principal facilities are located in Arizona, Connecticut, and Massachusetts; other facilities including offices and smaller manufacturing and assembly operations are located in several other states. These facilities are used for manufacturing, research and development, engineering and office purposes. The U.S. Government owns 154 thousand square feet of the space occupied by Kaman Aerospace Corporation in Bloomfield, Connecticut in accordance with a Facilities Lease Agreement with a five (5) year term expiring in March 2003. The corporation also occupies a facility in Nowra, New South Wales, Australia under a contract providing for a ten (10) year term expiring in June, 2010.

The Industrial Distribution segment's facilities are located throughout the United States with principal facilities located in California, Connecticut, New York, Kentucky and Utah. Additional Industrial Distribution segment facilities are located in British Columbia, Canada. These facilities consist principally of regional distribution centers, branches and office space with a portion used for fabrication and assembly work.

The Music Distribution segment's facilities in the United States are located in Connecticut, California, and Tennessee. An additional Music Distribution facility is located in Ontario, Canada. These facilities consist principally of regional distribution centers, source centers and office space. Also included are facilities used for manufacturing musical instruments.

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

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

#### ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the corporation or any of its subsidiaries is a party or to which any of their property is subject. Legal proceedings or enforcement actions relating to environmental matters are discussed in the section entitled Compliance with Environmental Protection Laws. On August 3, 2000, Arthur J. Rocque, Jr., Commissioner of Environmental Protection for the State of Connecticut instituted suit in state court naming Kaman Aerospace Corporation, Kamatics Corporation and the Ovation Division of Kaman Music Corporation as defendants. The complaint alleges certain regulatory violations (the majority of which are administrative in nature) at facilities located in Connecticut related to routine inspections which took place between 1988 and 1998. The complaint seeks civil penalties and injunctive relief. Management believes that in all cases where corrective action was required at the time of such inspections, such action was promptly taken at the time and management does not anticipate that the resolution of this matter will be material to the business or financial condition of the corporation.

#### 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 2000.

PART II

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

CAPITAL STOCK AND PAID-IN CAPITAL

Information required by this item is included in the corporation's 2000 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and is incorporated herein by reference.  
INVESTOR SERVICES PROGRAM

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

QUARTERLY CLASS A COMMON STOCK INFORMATION

	High	Low	Close	Dividend
2000				
First	\$12.81	\$8.77	\$9.75	\$.11
Second	11.69	9.44	10.69	.11
Third	15.25	10.50	12.63	.11
Fourth	17.75	11.00	16.88	.11
1999				
First	\$16.13	\$11.56	\$12.81	\$.11
Second	16.00	10.75	15.69	.11
Third	16.00	12.31	12.75	.11
Fourth	13.13	10.06	12.88	.11

QUARTERLY DEBENTURE INFORMATION (6% Conv. Subordinated)

	High	Low	Close
2000			
First	\$ 94.00	\$86.00	\$88.00
Second	93.00	82.00	82.00
Third	90.00	82.00	84.00
Fourth	92.00	84.00	87.00
1999			
First	\$ 99.88	\$94.00	\$ 97.00
Second	103.00	96.00	100.00
Third	100.00	94.00	97.50
Fourth	97.50	91.00	97.00

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

#### ANNUAL MEETING

The Annual Meeting of Shareholders of the corporation will be held on Tuesday, April 10, 2001 at 11:00 a.m. in the offices of the corporation, 1332 Blue Hills Avenue, Bloomfield, Connecticut 06002. Holders of all classes of Kaman securities are invited to attend, however it is expected that matters on the agenda for the meeting will require the vote of Class B shareholders only.

#### ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is included in the corporation's 2000 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and is incorporated herein by reference.

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

Information required by this item is included in the corporation's 2000 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and is incorporated herein by reference.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item is included in the corporation's 2000 Annual Report to Shareholders (Exhibit 13 to this Form 10-K) and is incorporated herein by reference.

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

None.



PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

Brian E. Barents	Mr. Barents, 57, has been a Director since 1996. He is President and Chief Executive Officer of Galaxy Aerospace Company L.P. Prior to that he was President and Chief Executive Officer of Learjet, Inc.
T. Jack Cahill	Mr. Cahill, 52, has held various positions with Kaman Industrial Technologies Corporation, a subsidiary of the corporation, since 1975, and has been President of that subsidiary since 1993.
E. Reeves Callaway, III	Mr. Callaway, 53, has been a Director since 1995. He is President of The Callaway Advanced Technology Corporation.
Frank C. Carlucci	Mr. Carlucci, 70, has been a Director since 1989. Prior to that he served as U.S. Secretary of Defense. He is Chairman of The Carlyle Group, merchant bankers, and Chairman of Nortel Networks Corporation (formerly Northern Telecom). Mr. Carlucci is also a director of Ashland, Inc., Neurogen Corporation, Pharmacia & Upjohn, Inc., Quaker Oats Company, Sun Resorts, Ltd., N.V., and Texas Biotechnology Corporation.
Laney J. Chouest, M.D.	Dr. Chouest, 47, has been a Director since 1996. He is Owner-Manager of Edison Chouest Offshore, Inc.
Candace A. Clark	Ms. Clark, 46, has been Senior Vice President, Chief Legal Officer and Secretary since 1996. Prior to that she served as Vice President and Counsel. Ms. Clark has held various positions with the corporation since 1985.

John A. DiBiaggio	Dr. DiBiaggio, 68, has been a Director since 1984. He is President and Chief Executive Officer of Tufts University. Prior to that he was President and Chief Executive Officer of Michigan State University.
Ronald M. Galla	Mr. Galla, 50, has been Senior Vice President and Chief Information Officer since 1995. Prior to that he served as Vice President and director of the corporation's Management Information Systems, a position which he held since 1990. Mr. Galla has been director of the corporation's Management Information Systems since 1984.
Robert M. Garneau	Mr. Garneau, 56, has been Executive Vice President and Chief Financial Officer since 1995. Previously he served as Senior Vice President, Chief Financial Officer and Controller. Mr. Garneau has held various positions with the corporation since 1981.
Huntington Hardisty	Admiral Hardisty (USN-Ret.), 72, is the retired President of Kaman Aerospace International Corporation, a subsidiary of the corporation. He has been a Director since 1991 and serves as a consultant to the corporation. He retired from the U.S. Navy in 1991 having served as Commander-in-Chief for the U.S. Navy Pacific Command since 1988.
Charles H. Kaman	Mr. Kaman, 81, has been Chairman of the Board of Directors since 1945. Until 1999 he was also President and Chief Executive Officer of the corporation. He is presently on disability leave.
C. William Kaman II	Mr. Kaman, 49, has been a Director since 1992. He is Chairman and CEO of AirKaman of Jacksonville, Inc., an entity unaffiliated with the corporation. Previously he was Executive Vice President of the corporation and was President of Kaman Music Corporation, a subsidiary of the corporation. Mr. Kaman is the son of Charles H. Kaman, Chairman of the Board of Directors of the corporation.

John C. Kornegay	Mr. Kornegay, 51, has been President of Kamatics Corporation, a subsidiary of the corporation, since 1999, and has held various positions with Kamatics Corporation since 1988.
Walter R. Kozlow	Mr. Kozlow, 65, has been President of Kaman Aerospace Corporation, a subsidiary of the corporation, since 1986, and has held various positions with Kaman Aerospace Corporation since 1960.
Eileen S. Kraus	Ms. Kraus, 62, has been a Director since 1995. She is the retired Chairman (Connecticut) of Fleet National Bank. Since 1979 she has held various positions at Shawmut Bank Connecticut and Shawmut National Corporation, predecessors of Fleet Bank, N.A. and its holding company, Fleet Financial Group. She is a director of The Stanley Works and Chairman of Connecticare Holding Company and Connecticare, Inc.
Paul R. Kuhn	Mr. Kuhn, 59, was appointed President and Chief Executive Officer of the corporation and was elected a Director in 1999. From 1998 to 1999 he was Senior Vice President, Operations, Aerospace Engine Business, for Coltec Industries, Inc. Prior to that he was Group Vice President, Coltec Industries, Inc. and President of its Chandler Evans division. He is a director of the Connecticut Business and Industry Association.
Hartzel Z. Lebed	Mr. Lebed, 73, has been a Director since 1982, and served as Vice Chairman of the Board of Directors from January, 1999 to September, 1999. He is the retired President of CIGNA Corporation.
Walter H. Monteith, Jr.	Mr. Monteith, 70, has been a Director since 1987. He is the retired Chairman of Southern New England Telecommunications Corporation.
Wanda L. Rogers	Mrs. Rogers, 68, has been a Director since 1991. She is President and Chief Executive Officer of Rogers Helicopters, Inc. She is also a director of Clovis Community Bank.

Robert H. Saunders, Jr. Mr. Saunders, 59, became President of Kaman Music Corporation, a subsidiary of the corporation, in 1998. He served as Senior Vice President of the corporation since 1995 and also held the position of Senior Executive Vice President of Kaman Music Corporation during a portion of that period.

Each Director and Executive Officer has been elected for a term of one year and until his or her successor is elected. The terms of all Directors and Executive Officers are expected to expire as of the Annual Meeting of the Shareholders and Directors of the corporation to be held on April 10, 2001.

Section 16(a) Beneficial Ownership Reporting Compliance.

Based upon information provided to the corporation by persons required to file reports under Section 16(a) of the Securities Exchange Act of 1934, no Section 16(a) reporting delinquencies occurred in 2000.

ITEM 11. EXECUTIVE COMPENSATION

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

B) SUMMARY COMPENSATION TABLE.

(a)	Annual Compensation			(e)	Long Term Compensation			(i)
	(b)	(c)	(d)		(f)	(g)	(h)	
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Comp. (1)	AWARDS RSA (\$)(2)	Options/SARs (#Shares)	LTIP Payments	All Other Comp. (\$)(3)
C. H. Kaman* Chairman	2000	850,000	-----	223,316	-----	-----	---	57,022
	1999	850,000	200,000	363,229	-----	-----	---	140,000
	1998	850,000	408,000	116,201	-----	0/ 125,000	---	64,120
P. R. Kuhn President and Chief Executive Officer	2000	650,000	570,000	-----	154,688	20,000/ 50,000	---	11,924
	1999	250,000(4)	360,000	-----	706,250	100,000/ 180,000	---	3,661
	1998	-----	-----	-----	-----	-----	---	-----
R.M.Garneau Executive Vice Pres- ident and Chief Financial Officer	2000	425,000	310,000	-----	77,344	10,000/ 30,000	---	25,181
	1999	400,000	175,000	-----	43,500	9,000/ 30,000	---	12,329
	1998	375,000	175,000	-----	127,500	7,500/ 12,500	---	12,418
W.R.Kozlow President, Kaman Aerospace Corporation	2000	300,000	160,000	-----	61,875	9,000/ 25,000	---	26,341
	1999	275,000	140,000	-----	36,250	7,500/ 20,000	---	18,150
	1998	255,000	100,000	-----	85,000	7,500/ 10,000	---	13,170
T.J. Cahill President, Kaman Industrial Technologies Corporation	2000	260,000	160,000	-----	41,250	6,000/ 15,000	---	15,670
	1999	255,000	51,000	-----	36,250	7,500/ 15,000	---	7,449
	1998	245,000	80,000	-----	85,000	7,500/ 7,500	---	7,397

\* Mr. Kaman began disability leave on June 15, 2000.

1. The corporation maintains a program pursuant to which it pays for tax and estate planning services provided to executive officers by third parties, up to certain limits. Amounts reported in this column include payments for such services as follows: \$146,806 on behalf of C.H. Kaman in 2000, \$152,788 on behalf of C.H. Kaman in 1999, and \$91,060 on behalf of C.H. Kaman in 1998. In addition, domestic services were provided to C.H. Kaman in the amount of \$98,807 in 1999.

2. As of December 31, 2000, aggregate restricted stock holdings and their year end value were: C.H. Kaman, none; P.R. Kuhn, 55,000 shares valued at \$928,400; R.M. Garneau, 18,900 shares valued at \$319,032; W.R. Kozlow, 14,600 shares valued at \$246,448; and T.J. Cahill, 12,600 shares valued at \$212,688. Restrictions lapse at the rate of 20% per year for all awards, beginning one year after the grant date provided recipient remains an employee of the corporation or a subsidiary. Awards reported in this column are as follows: P. R. Kuhn, 5,000 shares in 2000 and 50,000 shares in 1999; R. M. Garneau, 7,500 shares in 2000, 3,000 shares in 1999, and 7,500 shares in 1998; W.R. Kozlow, 6,000 shares in 2000, 2,500 shares in 1999, and 5,000 shares in 1998; and T.J. Cahill, 4,000 shares in 2000, 2,500 shares in 1999, and 5,000 shares in 1998. Dividends are paid on the restricted stock.

3. Amounts reported in this column consist of: C.H. Kaman, \$53,000 - Officer 162 Insurance Program, \$4,022 - medical expense reimbursement program ("MERP") plus amounts attributable to the corporation's direct medical expense reimbursement to Mr. Kaman; P.R. Kuhn, \$5,362 - Senior executive life insurance program ("Executive Life"), \$4,250 - employer matching contributions to the Kaman Corporation Thrift and Retirement Plan (the "Thrift Plan employer match"); \$2,312 - MERP; R.M. Garneau, \$4,544 - Executive Life, \$851 - Officer 162 Insurance Program, \$4,250 - Thrift Plan employer match, \$1,411 - MERP, \$14,125 - all supplemental employer contributions under the Kaman Corporation Deferred Compensation Plan ("supplemental employer contributions"); W.R. Kozlow, \$9,841 - Executive Life, \$4,250 - Thrift Plan employer match, \$5,000 - MERP, \$7,250 - supplemental employer contributions; and T.J. Cahill, \$3,219 - Executive Life, \$4,250 - Thrift Plan employer match, \$1,951 - MERP, \$6,250 - supplemental employer contributions.

4. P.R. Kuhn joined the corporation on August 2, 1999 as President and Chief Executive Officer.

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

Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term*	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Options/ SARs** Granted (#)	% of Total Options/ SARs** Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	5%(\$)	10%(\$)
C. H. Kaman	0/ 0	0/ 0	-----	-----	-----	-----
P. R. Kuhn	20,000/ 50,000	8.87/ 38.46	10.3125	2/15/10	453,983.31	1,150,482.84
R. M. Garneau	10,000/ 30,000	4.43/ 23.08	10.3125	2/15/10	259,419.03	657,418.76
W. R. Kozlow	9,000/ 25,000	3.99/ 19.23	10.3125	2/15/10	220,506.18	558,805.95
T. J. Cahill	6,000/ 15,000	2.66/ 11.54	10.3125	2/15/10	136,194.99	345,144.85

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

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

Options and SARs relate to the corporation's Class A common stock and vest at the rate of 20% per year, beginning one year after the grant date.

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

Name (a)	Shares acquired on Exercise (#) (b)	Value realized (c)	Number of Shares under- lying Unexercised options at FY-end (#) exercisable/ unexercisable (d)	Value of Unexercised in-the-money options* at FY-end (\$) exercisable/ unexercisable (e)
C. H. Kaman	10,000	47,500	10,000/0	88,800/0
P. R. Kuhn	none	-	20,000/100,000	55,100/351,750
R. M. Garneau	3,000	19,140	38,300/27,700	212,451.50/110,341
W. R. Kozlow	3,000	22,140	36,600/24,900	204,355.50/98,164.50
T. J. Cahill	1,000	6,750	33,100/21,900	175,525.50/78,462

Name (a)	SARs acquired on Exercise (#) (b)	Value realized (c)	Number of Unexercised SARs at FY-end (#) exercisable/ unexercisable (d)	Value of Unexercised in-the-money SARs* at FY-end (\$) exercisable/ unexercisable (e)
C. H. Kaman	none	none	50,000/75,000	0/0
P. R. Kuhn	"	"	36,000/194,000	99,180/725,095
R. M. Garneau	"	"	71,000/101,500	232,080/399,345
W. R. Kozlow	"	"	38,000/67,000	118,420/274,867.50
T. J. Cahill	"	"	36,000/51,500	116,040/199,672.50

\*Difference between the 12/31/00 Fair Market Value and the  
exercise price(s).



E) LONG TERM INCENTIVE PLAN AWARDS: Except as described above, no long term incentive plan awards were made to any named executive officer in the last fiscal year.

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

PENSION PLAN TABLE					
Years of Service					
Remuneration*	15	20	25	30	35
125,000	33,198	44,485	55,109	66,396	66,396
150,000	40,698	54,535	67,559	81,396	81,396
175,000	48,198	64,585	80,009	96,396	96,396
200,000	55,698	74,635	92,459	111,396	111,396
225,000	63,198	84,685	104,909	126,396	126,396
250,000	70,698	94,735	117,359	141,396	141,396
300,000	85,698	114,835	142,259	171,396	171,396
350,000	100,698	134,935	167,159	201,396	201,396
400,000	115,698	155,035	192,059	231,396	231,396
450,000	130,698	175,135	216,959	261,396	261,396
500,000	145,698	195,235	241,859	291,396	291,396
750,000	220,698	295,735	366,359	441,396	441,396
1,000,000	295,698	396,235	490,859	591,396	591,396
1,250,000	370,698	496,735	615,359	741,396	741,396
1,500,000	445,698	597,235	749,859	891,396	891,396
1,750,000	520,698	697,735	864,359	1,041,396	1,041,396
2,000,000	595,698	798,235	988,859	1,191,396	1,191,396

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

"Covered Compensation" means "W-2 earnings" or "base earnings", if greater, as defined in the Pension Plan. W-2 earnings for pension purposes consist of salary (including 401(k) and Section 125/129 Plan contributions but not deferrals under a non-qualified Deferred Compensation Plan), bonus and taxable income attributable to restricted stock awards and the cash out of employee stock options. Salary and bonus amounts for the

named Executive Officers for 2000 are as shown on the Summary Compensation Table. Compensation deferred under the corporation's non-qualified deferred compensation plan is included in Covered Compensation here because it is covered by the corporation's unfunded supplemental employees' retirement plan for the participants in that plan.

Current Compensation covered by the Pension Plan for any named executive whose Covered Compensation differs by more than 10% from the compensation disclosed for that executive in the Summary Compensation Table: Mr. Cahill, \$365,243.

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

The Executive Officers named in Item 11(b) are participants in the plan and as of December 31, 2000, had the number of years of credited service indicated: Mr. Kaman - 55.1 years; Mr. Kuhn - 4.0; Mr. Garneau - 19.48 years; Mr. Kozlow - 40.7 years; Mr. Cahill - 25.7 years.

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

G) COMPENSATION OF DIRECTORS. In general, non-employee members of the Board of Directors of the corporation receive an annual retainer of \$20,000 and a fee of \$1,000 for attending each meeting of the Board and each meeting of a Committee of the Board, except that the Chairman of the Audit Committee receives a fee of \$1,250 for attending each meeting of that Committee. Such fees may be received on a deferred basis. In addition, each non-employee director will receive a Restricted Stock Award for 500 shares (issued pursuant to the corporation's Stock Incentive Plan), providing for immediate vesting upon election as a director at the corporation's 2001 Annual Meeting of Shareholders.

H) EMPLOYMENT CONTRACTS AND TERMINATION, SEVERANCE AND CHANGE OF CONTROL ARRANGEMENTS. The corporation has an arrangement with Mr. C. H. Kaman that (1) in the event he retires or dies during active employment with the corporation, he and/or Mrs. Kaman will be provided with medical/dental benefits for the remainder of their lives; and (2) in the event he becomes disabled during active employment, he will be assured of receiving an amount equal to his then current annual base salary for the remainder of his life.

In addition, the corporation has entered into Employment Agreements and Change in Control Agreements with certain executive officers,

copies of which were filed as exhibits to the following filings made by the corporation with the Securities and Exchange Commission: Form 10-Q (Document 54381-99-14) filed on November 12, 1999; Form 10-K (Document No. 54381-00-03 filed on March 21, 2000; and Form 10-Q (Document 54381-00-500006) filed on November 14, 2000. The employment agreements generally provide for a severance payment to be made to any such officer if he or she is terminated from employment (other than for willful failure to perform proper job responsibilities or violations of law) or if he or she leaves employment for good reason (e.g., due to a diminution in job responsibilities). The agreements have a two year term which began on September 21, 1999. The change in control agreements generally provide that, for a three year period following a change in control of Kaman Corporation or, in certain cases, a subsidiary thereof, a severance payment will be made to any such officer if his or her employment ends following the change in control (unless the termination was for cause, the officer dies or becomes disabled or if he or she leaves employment without good reason). The change in control agreements do not have a fixed term.

The corporation has also entered into an agreement with Admiral Hardisty providing him with certain payments in the amount of \$370,000 and retaining him as a consultant for a period of two years following his retirement from regular employment effective March 1, 2000 at a per diem rate of \$1,000.00. A copy of such agreement was attached as Exhibit 10d to the corporation's 1999 Form 10-K (Document 54381-99-3) filed with the Securities and Exchange Commission on March 21, 2000.

In addition, the corporation has an agreement with Mr. C. William Kaman, retaining him as a Senior Executive Advisor through December 31, 2001 at the annual rate of \$245,000. A copy of such agreement appears as Exhibit 10(c) to the corporation's 1998 Form 10-K (Document 54381-99-3) filed with the Securities and Exchange Commission on March 16, 1999.

Except as disclosed in Item 13, and except as described above and in connection with the corporation's Pension Plan and the corporation's non-qualified Deferred Compensation Plan, the corporation has no other employment contract, plan or arrangement with respect to any named executive which relates to employment termination for any reason, including resignation, retirement or otherwise, or a change in control of the corporation or a change in any such executive officer's responsibilities following a change of control, which exceeds or could exceed \$100,000.

I) Not Applicable.

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

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

None of these individuals was an officer or employee of the corporation or any of its subsidiaries during either the last fiscal year or any portion thereof in which he or she served as a member of the Personnel and Compensation Committee.

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

K)    Not Applicable.

L)    Not Applicable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND  
MANAGEMENT

(a) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

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

-----			
Class of Common Stock	Name and Address Beneficial Owner	Number of Shares Beneficially Owned as of February 1, 2001	Percentage of Class
-----			
Class B	Charles H. Kaman Kaman Corporation Blue Hills Avenue Bloomfield, CT 06002	258,375(1)	38.69%
Class B	Newgate Associates Limited Partnership c/o Murtha, Cullina, LLP CityPlace I 185 Asylum Street Hartford, CT 06103	199,802	29.91%
Class B	C. William Kaman, II c/o AirKaman of Jacksonville, Inc. Jacksonville International Airport 14700 Yonge Drive Jacksonville, FL 32218	64,446(2)	9.65%
Class B	Robert D. Moses Farmington Woods Avon, CT 06001	51,177(3)	7.66%

- (1) Excludes 1,471 shares held by Mrs. Kaman.  
(2) Excludes 4,800 shares held as trustee for the benefit of certain family members.  
(3) Includes 39,696 shares held by a partnership controlled by Mr. Moses.

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

Name	Class of Common Stock	Number of Shares Beneficially Owned as of February 1, 2001	Percentage of Class
-----			
Brian E. Barents	Class A	2,000	*
T. Jack Cahill	Class A	81,942(1)	*
E. Reeves Callaway	Class A	2,000	*
Frank C. Carlucci	Class A	5,000(2)	*
Laney J. Chouest	Class A	7,331	*
John A. DiBiaggio	Class A	2,000	*
Robert M. Garneau	Class A	87,031(3)	*
	Class B	23,236	3.48%
Huntington Hardisty	Class A	----- (4)	*
Charles H. Kaman	Class A	152,467(5)	*
	Class B	258,375(6)	38.69%
C. William Kaman, II	Class A	69,988(7)	*
	Class B	64,446(8)	9.65%
Walter R. Kozlow	Class A	92,278(9)	*
	Class B	296	*
Paul R. Kuhn	Class A	89,501(10)	*
	Class B	1,440	*
Eileen S. Kraus	Class A	2,713	*
Hartzel Z. Lebed	Class A	18,263(11)	*
Walter H. Monteith, Jr.	Class A	2,200	*
Wanda L. Rogers	Class A	2,000	*
All Directors and Executive Officers	Class A	739,495(12)	3.28%
as a group **	Class B	349,675	52.36%

\* Less than one percent.

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

- (1) Includes 40,900 shares subject to stock options exercisable or which will become exercisable within 60 days.  
(2) Includes 3,500 shares held jointly with Mrs. Carlucci.  
(3) Includes 47,600 shares subject to stock options exercisable or which will become exercisable within 60 days.  
(4) Excludes 21,400 shares held by Mrs. Hardisty.

- (5) Excludes the following: 23,132 shares held by Mrs. Kaman; 8,010 shares held by Fidelco Guide Dog Foundation, Inc., a charitable foundation of which Mrs. Kaman is President and Mr. Kaman is a Director, in which shares Mr. Kaman disclaims beneficial ownership; 184,434 shares held by Newgate Associates Limited Partnership, a limited partnership established by Mr. Kaman and for which Mr. Kaman previously served as general partner; 21,816 shares held by Oldgate Limited Partnership ("Oldgate") a limited partnership established by Mr. Kaman and for which Mr. Kaman previously served as the general partner; 127,034 shares held by Oldgate and as to which shares Mr. Kaman disclaims beneficial interest, such portion of Oldgate having been placed in an irrevocable trust; and 70,500 shares held by the Charles H. Kaman Charitable Foundation, a private charitable foundation. Includes 10,000 shares subject to stock options exercisable or which will become exercisable within 60 days.
- (6) Excludes the following: 1,471 shares held by Mrs. Kaman. Also excludes 199,802 shares held by Newgate Associates Limited Partnership, a limited partnership, which shares together with the 258,375 shares beneficially owned by Mr. Kaman, are the subject of a power of attorney and voting trust established by Mr. Kaman as more particularly described in Exhibit 10d.
- (7) Includes 7,000 shares subject to stock options exercisable or which will become exercisable within 60 days; and excludes 89,891 shares held by Mr. Kaman as Trustee, in which shares Mr. Kaman disclaims any beneficial ownership.
- (8) Excludes 4,800 shares held by Mr. Kaman as Trustee in which shares Mr. Kaman disclaims any beneficial ownership.
- (9) Includes 45,000 shares subject to stock options exercisable or which will become exercisable within 60 days.
- (10) Includes 24,000 shares subject to stock options exercisable or which will become exercisable within 60 days.
- (11) Includes shares held jointly with Mrs. Lebed and 8,000 shares held in an Individual Retirement Account, but excludes 480 shares held by Mrs. Lebed.
- (12) Includes 227,700 shares subject to stock options exercisable or which will become exercisable within 60 days.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During 2000, the corporation obtained legal services from the Hartford, Connecticut law firm of Murtha Cullina LLP of which Mr. John S. Murtha, who served as a Director of the corporation through April, 2000, is of counsel. The corporation also obtained video production services in the amount of \$58,088 from Polykonn Corporation, a corporation controlled by Mr. Steven Kaman, son of Charles H. Kaman, Chairman of the corporation. In addition, in 2000 the corporation paid rental payments in the amount of

\$92,809 under a lease arrangement with AirKaman of Jacksonville, Inc. for certain premises occupied by the corporation in Jacksonville, Florida. AirKaman of Jacksonville, Inc. is a corporation controlled by C. William Kaman, II, a director of the corporation. Such lease arrangement was in effect for a number of years prior to Mr. Kaman's acquisition of AirKaman of Jacksonville, Inc., was terminated effective December 31, 2000 and in February, 2001, AirKaman of Jacksonville, Inc. paid the corporation a termination fee of \$100,000 as consideration for such termination. Also in 2000 the corporation utilized the services of Mr. Ivan Humberto Iraola Pellane as a sales representative in connection with the sale of the corporation's K-MAX and SH-2 helicopters for use in Peru. Mr. Iraola Pellane is the son-in-law of Mr. Walter Kozlow, an Executive Officer of the corporation. The corporation's agreement with Mr. Iraola Pellane with respect to the SH-2 helicopter provides for a fee of \$3,000 per month for certain in-country support and marketing services and also provides for a commission of 2 1/2% on any sale of the SH-2 helicopter which may ensue. To date no such sales have occurred. The corporation's agreement with Mr. Iraola Pellane with respect to the K-MAX helicopter provides for a commission arrangement of 5% on such sales with an additional 1% as compensation for after market support services. In December, 2000, the corporation was awarded a contract valued at \$21 million with the U.S. State Department for the sale of five K-MAX helicopters for use in Peru. Payments to Mr. Iraola Pellane for his services under his commission arrangement are subject to the corporation's receipt of payment from the customer.



PART IV

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

- (a)(1) FINANCIAL STATEMENTS.  
See Item 8 concerning financial statements appearing  
as Exhibit 13 to this Report.
- (a)(2) FINANCIAL STATEMENT SCHEDULES.  
An index to the financial statement schedules  
immediately precedes such schedules.
- (a)(3) EXHIBITS.  
An index to the exhibits filed or incorporated by  
reference immediately precedes such exhibits.
- (b) REPORTS ON FORM 8-K: None

# 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 15th day of March, 2001.

KAMAN CORPORATION  
(Registrant)

By Paul R. Kuhn, 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:
------------	--------	-------

Paul R. Kuhn	President, Chief Executive Officer and Director	March 15, 2001
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Robert M. Garneau	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 15, 2001
-------------------	---	----------------

Paul R. Kuhn Attorney-in-Fact for:		March 15, 2001
---------------------------------------	--	----------------

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

KAMAN CORPORATION AND SUBSIDIARIES  
Index to Financial Statement Schedules

Report of Independent Auditors

Financial Statement Schedules:

Schedule V - Valuation and Qualifying Accounts

REPORT OF INDEPENDENT AUDITORS

KPMG LLP  
Certified Public Accountants  
One Financial Plaza  
Hartford, Connecticut 06103

The Board of Directors and Shareholders  
Kaman Corporation:

Under date of February 5, 2001, we reported on the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2000 and 1999 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, 2000, as contained in the 2000 annual report to shareholders. These consolidated financial statements and our report thereon are included in the annual report on Form 10-K for 2000. 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. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

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

/s/ KPMG LLP

Hartford, Connecticut  
February 5, 2001

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

YEAR ENDED DECEMBER 31, 1998  
Additions

DESCRIPTION	BALANCE JANUARY 1, 1998	CHARGED TO COSTS AND EXPENSES	OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 1998
Allowance for doubtful accounts	\$3,827 =====	\$1,058 =====	\$----- =====	\$ 838(A) =====	\$4,047 =====
Accumulated amortization of goodwill	\$1,378 =====	\$ 110 =====	\$----- =====	\$----- =====	\$1,488 =====

YEAR ENDED DECEMBER 31, 1999  
Additions

DESCRIPTION	BALANCE JANUARY 1, 1999	CHARGED TO COSTS AND EXPENSES	OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 1999
Allowance for doubtful accounts	\$4,047 =====	\$1,355 =====	\$----- =====	\$ 883(A) =====	\$4,519 =====
Accumulated amortization of goodwill	\$1,488 =====	\$ 110 =====	\$----- =====	\$----- =====	\$1,598 =====

YEAR ENDED DECEMBER 31, 2000  
Additions

DESCRIPTION	BALANCE JANUARY 1, 2000	CHARGED TO COSTS AND EXPENSES	OTHERS	DEDUCTIONS	BALANCE DECEMBER 31, 2000
Allowance for doubtful accounts	\$4,519 =====	\$1,490 =====	\$----- =====	\$1,373(A) =====	\$4,636 =====
Accumulated amortization of goodwill	\$1,598 =====	\$ 110 =====	\$----- =====	\$----- =====	\$1,708 =====

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

KAMAN CORPORATION

INDEX TO EXHIBITS

Exhibit 3a	The Amended and Restated Certificate of Incorporation of the corporation, as amended, has been filed with the Securities and Exchange Commission on form S-8POS on May 11, 1994, as Document No. 94-20.	by reference
Exhibit 3b	The By-Laws of the corporation as amended on February 9, 1999 has been filed with the Securities and Exchange Commission on Form 10-K on March 16, 1999, as Document No. 99-03.	by reference
Exhibit 4a	Indenture between the corporation and Manufacturers Hanover Trust Company, as Indenture Trustee, with respect to the Corporation's 6% Convertible Subordinated Debentures, has been filed as Exhibit 4.1 to Registration Statement No. 33 - 11599 on Form S-2 of the corporation filed with the Securities and Exchange Commission on January 29, 1987 and is incorporated in this report by reference.	by reference
Exhibit 4b	Revolving Credit Agreement between the corporation 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 November 13, 2000 filed as Exhibit 4 to form 10-Q filed with the Securities and Exchange Commission on November 14, 2000, Document No. 54381-00-500006.	by reference

Exhibit 4c	The corporation is party to certain long-term debt obligations, such as real estate mortgages, copies of which it agrees to furnish to the Commission upon request.	by reference
Exhibit 10a	The Kaman Corporation 1993 Stock Incentive Plan as amended effective November 18, 1997 has been filed as an exhibit to the Corporation's Form 10-K Document No. 54381-98-09 filed with the Securities and Exchange Commission on March 16, 1998 as amended by Document No. 54381-98-13 on March 27, 1998 and by Document No. 54381-00-500006 on November, 14, 2000) and as amended effective February 13, 2001, which amendment is attached hereto.	attached
Exhibit 10b	The Kaman Corporation Employees Stock Purchase Plan as amended effective November 19, 1997 has been filed as an exhibit to the Corporation's Form 10-K Document No. 54381-98-09 filed with the Securities and Exchange Commission on March 16, 1998 (as amended by Document No. 54381-98-13 on March 27, 1998) and is incorporated in this report by reference.	by reference
Exhibit 10c	Kaman Corporation Supplemental Employees' Retirement Plan, as amended	attached
Exhibit 10d	Kaman Corporation Deferred Compensation Plan, as amended	attached
Exhibit 10e	Kaman Corporation Cash Bonus Plan, as amended	attached
Exhibit 10f	Employment Agreements and Change in Control Agreements with certain executive officers have been filed as exhibits to the following filings by the corporation with the Securities and Exchange Commission: Form 10-Q (Document No. 54381-99-14) filed November 12, 1999; Form 10-K (Document No. 54381-00-03) filed March 21, 2000; and Form 10-Q (Document No. 54381-00-500006) Filed November 14, 2000.	by reference

Exhibit 10f(IV)	Agreement between Kaman Corporation and Huntington Hardisty dated February 24, 2000 has been filed as Exhibit 10d to the corporation's Form 10-K Document No. 54381-00-03.	by reference
Exhibit 10g	Notice of change of control filed as Exhibit 99 to the corporation's Form 8-K dated August 16, 2000 as Document No. 54381-00-000010.	by reference
Exhibit 11	Statement regarding computation of per share earnings.	attached
Exhibit 13	Portions of the Corporation's 2000 Annual Report to Shareholders as required by Item 8.	attached
Exhibit 21	Subsidiaries.	attached
Exhibit 23	Consent of Independent Auditors.	attached
Exhibit 24	Power of attorney under which this report has been signed on behalf of certain directors.	attached





KAMAN CORPORATION  
1993 STOCK INCENTIVE PLAN

As Amended effective February 13, 2001

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

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

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

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

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

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

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

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

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

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

Page 1

(i) "Fair Market Value" of the Stock on any given date shall be the mean between the highest and lowest quoted selling prices of the Stock in the NASDAQ National Market System on such date. If there were no sales on the valuation date, "Fair Market Value" shall be the closing price of the Stock in the NASDAQ National Market System on the most recent trading day preceding the valuation date on which sales of the Stock occurred.

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

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

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

- (m) "Non-Employee Director Participant" means an Eligible Person, who at the time of grant of an Award is a director of the Corporation but not an employee of the Corporation or a Subsidiary.
- (n) "Non-Statutory Option" means a stock option not qualifying for incentive stock option treatment under the provisions of Section 422 of the Code.
- (o) "Optionee" means the holder of any option granted under the Plan.
- (p) "Participant" means the holder of any Award granted under the Plan.
- (q) "Plan" means the Kaman Corporation 1993 Stock Incentive Plan.
- (r) "Principal Shareholder" means any individual owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of capital stock of the Corporation.
- (s) "Restricted Stock" means Stock received pursuant to a Restricted Stock Award.
- (t) "Restricted Stock Award" is defined in Section 8(a).
- (u) "Second Predecessor Plan" means the Kaman Corporation 1983 Stock Incentive Plan.

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

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

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

### 3. Eligibility.

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

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

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

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

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

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

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

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

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

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

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

(e) Exercise of Option.

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

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

(iii) Notwithstanding anything herein to the contrary, except as provided in subsection (g) of this Section, no Optionee who was, at the time of the grant of an option, an employee of the Corporation or a Subsidiary, may exercise such option or any part thereof unless at the time of such exercise he shall be employed by the Corporation or a Subsidiary and shall have been so employed continuously since the date of grant of such option, excepting leaves of absence approved by the Committee; provided that the option agreement (i) in the case of Incentive Stock Options may provide that such an Optionee may exercise his option, to the extent exercisable on the date of termination of such continuous employment, during the three (3) month period, ending at the close of business on the day three (3) months following the termination of such continuous employment unless such option shall have already expired by its term, and (ii) in the case of Non-Statutory Options may provide that such an Optionee may exercise his option, to the extent exercisable on the date of termination of such continuous employment, during the one (1) year period ending at the close of business on the day one (1) year following the termination of such continuous employment, unless such option shall have already expired by its term.

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

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

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

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

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

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

## 7. Stock Appreciation Rights; Discretionary Payments.

(a) Nature of Stock Appreciation Right. A Stock Appreciation Right is an Award entitling the Participant to receive an amount in cash or shares of Stock (or forms of payment permitted under Section 7(d) hereof) or a combination thereof, as determined



by the Committee at the time of grant, having a value equal to (or if the Committee shall so determine at time of grant, less than) the excess of the closing price of the Stock on the NASDAQ National Market System on the most recent trading day preceding the date of exercise on which sales of the Stock occurred over the Fair Market Value of a share of Stock on the date of grant (or over the option exercise price, if the Stock Appreciation Right was granted in tandem with a stock option) multiplied by the number of shares with respect to which the Stock Appreciation Right shall have been exercised.

(b) Grant and Exercise of Stock Appreciation Rights.

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

(ii) Each Stock Appreciation Right granted under the Plan shall become exercisable on such date or dates and in such amount or amounts as the Committee shall determine; provided, however, that any Stock Appreciation Right granted in tandem with a stock option shall be exercisable in relative proportion to and to the extent that such related stock option is exercisable; provided further, however, that, notwithstanding anything herein to the contrary, any Stock Appreciation Right granted in tandem with a Non-Statutory Option which has a purchase price at the date of grant of less than Fair Market Value shall not be exercisable at all until at least one (1) year after the date of grant of such option. Except as provided in the immediately preceding sentence, in the absence of any other provision by the Committee, each Stock Appreciation Right granted under the Plan shall be exercisable with respect to not more than twenty percent (20%) of such shares subject thereto after the expiration of one (1) year following the date of its grant, and shall be exercisable as to an additional twenty percent (20%) of such shares after the expiration of each of

the succeeding four (4) years, on a cumulative basis, so that such Right, or any unexercised portion thereof, shall be fully exercisable after a period of five (5) years following the date of its grant. The Committee, in its sole discretion, may, from time to time and at any time, accelerate the vesting provisions of any outstanding Stock Appreciation Right.

(iii) Notwithstanding anything herein to the contrary, except as provided in subsections (c)(v) and (c)(vi) of this Section, no Participant who was, at the time of the grant of a Stock Appreciation Right, an employee of the Corporation or a Subsidiary, may exercise such Right or any part thereof unless at the time of such exercise, he shall be employed by the Corporation or a Subsidiary and shall have been so employed continuously since the date of grant of such Right, excepting leaves of absence approved by the Committee; provided that the Stock Appreciation Right agreement may provide that such a Participant may exercise his Stock Appreciation Right, to the extent exercisable on the date of termination of such continuous employment, during the one (1) year period ending at the close of business on the day one (1) year following the termination of such continuous employment, unless such Right shall have already expired by its terms.

(iv) Notwithstanding anything herein to the contrary, except as provided in subsections (c)(v) and (c)(vi) of this Section, no Non-Employee Director Participant may exercise a Stock Appreciation Right or part thereof unless at the time of such exercise he shall be a director of the Corporation and shall have been a director of the Corporation continuously since the date of grant of such Right excepting leaves of absence approved by the Committee; provided that the Stock Appreciation Right agreement may provide that such Participant may exercise his Stock Appreciation Right, to the extent exercisable on the date he ceased to be a director of the Corporation, during the one (1) year period ending at the close of business on the day one (1) year following the cessation of such continuous service as a director unless such Right shall already have expired by its terms.

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

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

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

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

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

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

(v) Each Stock Appreciation Right shall have a term not in excess of ten (10) years from the date on which it is granted (ten (10) years and one (1) day in the case of a Stock Appreciation Right granted in tandem with a Non-Statutory Option); provided that any Stock Appreciation Right granted to (aa) an employee of the Corporation or a Subsidiary shall terminate not later than the close of business on the day one (1) year following the date such Participant ceases to be employed by the Corporation or a Subsidiary, excepting leaves of absences approved by the Committee, and (bb) a Non-Employee Director Participant shall terminate not later than the close of business on the day one (1) year following the date such Participant ceases to be a director of the Corporation. Such a Participant's Stock Appreciation Right shall be exercisable, if at all, during such one (1) year period only to the extent exercisable on the date his employment terminates or the date he ceases to be a director, as the case may be.

(vi) In the event of the death or disability of a Participant while in the employ of the Corporation or a Subsidiary or while serving as a director of the Corporation, his Stock Appreciation Right or the unexercised portion thereof may be exercised within the period of one (1) year succeeding his death or disability, but in no event later than (i) ten (10) years from the

date on which it was granted (ten (10) years and one (1) day in the case of a Stock Appreciation Right granted in tandem with a Non-Statutory Option), by the person or persons designated in the Participant's will for that purpose or in the absence of any such designation, by the legal representative of his estate, or by the legal representative of the Participant, as the case may be. Notwithstanding anything herein to the contrary and in the absence of any contrary provision by the Committee, during the one-year period following termination of employment or cessation as a director by reason of death or disability, a Participant's Stock Appreciation Right shall continue to vest in accordance with its terms and be and become exercisable as if employment or service as a director had not ceased.

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

#### 8. Restricted Stock.

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

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

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

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

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

(ii) Except as may otherwise be provided in the Award agreement, in the event of termination of a Participant with the Corporation or a Subsidiary for any reason or cessation as a director of the Corporation for any reason, all of the Participant's Restricted Stock shall be forfeited to the Corporation without the necessity of any further act by the Corporation, the Participant or the Participant's legal representative; provided, however, that in the event of termination

of employment or cessation of service as a director of the Corporation by reason of death or disability, all conditions and restrictions relating to a Restricted Stock Award held by such a Participant shall thereupon be waived and shall lapse.

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

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

9. The Committee.

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

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

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

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

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

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

14. General Provisions.

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

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

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



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

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

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



KAMAN CORPORATION  
SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN  
(Amended and Restated as of January 1, 1994)

THIS AMENDMENT AND RESTATEMENT is adopted by KAMAN CORPORATION, a Connecticut corporation (the "Company"), effective as of January 1, 1994.

WHEREAS, the Company adopted the Kaman Corporation Supplemental Employees' Retirement Plan (originally known as the "Kaman Corporation Excess Benefit Plan") (the "Plan" or "SERP") on April 30, 1976 effective as of January 1, 1976 and amended the same by the First, Second, and Third Amendments effective February 11, 1986, November 26, 1986, and June 30, 1987, respectively, and

WHEREAS, the SERP was amended and restated as of January 1, 1989, and the Amended and Restated SERP was subsequently amended by the First Amendment effective January 1, 1990, and

WHEREAS, the SERP was amended and restated a second time as of October 1, 1993 upon the occasion of the Company's adoption of the Kaman Corporation Deferred Compensation Plan ("Deferral Plan") pursuant to which certain Employees (as defined herein) may elect to defer the payment of a portion of their compensation, which, if paid currently, would otherwise be

Page 1

included in the compensation of the Employee utilized for purposes of determining benefits under the Kaman Corporation Employees' Pension Plan (the "Pension Plan"), and

WHEREAS, the Company has amended the Deferral Plan document to provide for a separate and distinct Supplemental Deferred Compensation Plan for the benefit of certain key management employees who are not Participants in the SERP, and

WHEREAS, the Company reserved the right to amend the SERP in Paragraph 6 of the SERP, and

WHEREAS, the Company wishes to amend and restate the SERP in various respects,

NOW, THEREFORE, the SERP is amended and restated as follows:

1. Purposes. This Plan is maintained by the Company for the following purposes:

(a) Providing to certain Employees who are participants in the Pension Plan benefits which are in excess of the limitations on contributions and benefits imposed on the Pension Plan by Section 415 of the Internal Revenue Code of 1986 (the "Code") and benefits which are in excess of the Pension Plan benefits that are produced when taking into account the limitation on compensation imposed by Code Section 401(a)(17).

Page 2

This portion of the Plan is to have the effect of treating all Participants whose Pension Benefits would be limited by Code Section 415 or Code Section 401(a)(17) in the same manner as participants in the Pension Plan who are not so limited are treated, to the end that aggregate benefits payable to any Participant or his Beneficiary under the Pension Plan pursuant to the Pension Plan and this Plan shall be equal to the Pension Benefits which would otherwise have been payable but for the limitations imposed by Code Section 415 and Code Section 401(a)(17).

(b) Providing to certain Participants who also participate in the Deferral Plan an additional benefit which is the equivalent of the reduction in benefits under the Pension Plan that results from the exclusion of any "Deferral Amounts" (as defined in the Deferral Plan) from the compensation of the Employee utilized for purposes of determining the benefits under the Pension Plan. This portion of the Plan is to have the effect of putting such Participants in the same position they would have been in had they not made any Deferral Elections under the Deferral Plan.

(c) Providing to those Participants who are Employees of a subsidiary of the Company an additional benefit which is the

equivalent of the additional benefit that they would have received under the Pension Plan if they were direct Employees of the Company rather than Employees of a subsidiary of the Company.

2. Definitions. Benefits under this Plan will hereinafter be referred to as "Benefits." Benefits under the Pension Plan will hereinafter be referred to as "Pension Benefits." The terms "Beneficiary" and "Employee" shall have the same meaning as under the Pension Plan. The term "Participant" means any Employee of the Company or any subsidiary who is designated as a Participant on June 23, 1987 or who is thereafter so designated by action of the Personnel and Compensation Committee of the Board of Directors or the Board of Directors of the Company. References in this Plan to sections of the Code and ERISA shall include references to the comparable or succeeding provisions of any legislation which amends or replaces such sections.

3. Determination of Benefits. Benefits under this Plan shall be the difference between (i) the amount of annual benefit which would have accrued for a Participant under the Pension Plan (A) if the Participant did not participate in the Deferral Plan and (B) had the Company not been limited by Code Section 415 or Code Section 401(a)(17) but had continued to fund the amount of a

Participant's annual benefit to the same extent as in the case of other Participants with respect to whom the Company was not so limited and (ii) the amount of annual benefit to which the Participant is entitled under the Pension Plan. In the case of Participants who are Employees of a subsidiary of the Company, beginning January 1, 1995, the Benefit under this Plan shall also include the difference, if any, between (i) the amount of annual benefit which would have accrued for a Participant under the Pension Plan if the Participant were a direct Employee of the Company and (ii) the amount of annual benefit to which the Participant is entitled under the Pension Plan. This Plan shall have the effect of providing the Participant with an unfunded benefit subject to the same terms and conditions as contained in the Pension Plan.

4. Form and Time of Payments. (a) The form and time of Benefit payments under this Plan shall be in the same form and at the same time or times as the payments being made under the Pension Plan to which the payments hereunder are supplemental. Any election of an optional form of payment under the Pension Plan shall be deemed an election of payment in similar form hereunder.

(b) Notwithstanding any provision in this Plan to the contrary, if payments under the Pension Plan commence earlier than the date the Participant actually retires, dies, or otherwise terminates employment, then Benefits under this Plan shall be paid in the same form as payments being made under the Pension Plan, but shall not commence until the Participant actually retires, dies or otherwise terminates employment and the Participant shall not be entitled to the Benefits under this Plan that were not paid during the period before he actually retired, died, or otherwise terminated employment.

(c) If on the first day that the Participant is entitled to receive a Benefit payment under this Plan, the Participant's Benefit under this Plan is not greater than \$100 per month or said Benefit does not have a present value greater than \$10,000, then the Company shall pay the present value of said Benefit to the Participant in a single lump sum on said date and the Participant shall not have any further rights hereunder.

(d) Any Participant who is actively employed at January 1, 1994 and who subsequently commences receiving Benefits under this Plan pursuant to Section 4(b), shall be entitled to receive a distribution equal to ninety percent (90%) of the present value

of his remaining Benefit under this Plan in a single lump sum by providing written notice to the Committee of his desire to receive such a distribution. The distribution shall be made within ninety (90) days of the receipt by the Committee of the Participant's election, and, upon such payment, the Participant shall have no further interest in the Plan. If at any time there shall be an administrative determination by the Internal Revenue Service ("IRS") that the inclusion of this provision in this Plan will cause the Participants to be in constructive receipt of any Benefits payable hereunder, then this provision shall be deemed null and void ab initio and no Participant shall have any right to make any such election.

5. Administration. This Plan shall be administered by a Committee appointed or designated by the Board of Directors of the Company for this purpose (the "Committee") which shall have the authority and discretion to operate, administer, interpret and construe this Plan, to make all computations of Benefits hereunder and to determine all questions of eligibility, status and rights of Participants and their beneficiaries hereunder. The determination or action of the Committee respecting the administration of this Plan shall be final, conclusive and binding on all persons having an interest herein.



6. Amendment and Termination. (a) The Board of Directors of the Company reserves the right to amend or terminate this Plan at any time, in whole or in part. The Board of Directors may delegate the authority to amend or terminate this Plan to a committee of the Board of Directors or to the Committee. Notwithstanding the foregoing, no amendment or termination shall have the effect of reducing or discontinuing any payments then being made or due to be made under the terms hereof immediately prior to such action, nor of reducing or terminating any rights to future payments of Benefits accrued under this Plan as of the date of termination. Future payments of Benefits accrued under this Plan at any particular date shall be determined in the same manner as under the Pension Plan.

(b) Any Change in Control (as defined in paragraph (c) below) shall be regarded as a termination of this Plan. Notwithstanding paragraph (a), upon any such termination occasioned by a Change in Control, the Company shall be required to (i) distribute to each Participant hereunder in a cash lump sum the respective present value of the Participant's Benefit accrued under this Plan as of the date of termination, such

amount to be payable within sixty days of the Change in Control, or (ii) fund the Benefits under this Plan accrued as of the date of termination by establishing a so-called "Rabbi Trust" for such purposes and arranging for a renewable letter of credit (X) in an amount equal to the aggregate present value of all Benefits accrued under this Plan as of the date of termination, (Y) which may be drawn upon by the Trustee of the Rabbi Trust for purposes of paying Benefits to Participants, and (Z) which provides by its terms that the trustee may draw upon the letter of credit prior to its expiration unless the interests of Participants are reasonably protected either by the issuance of a replacement letter of credit in the amount of the then present value of remaining Benefits accrued under this Plan or by the funding of the trust in the same amount with money market funds or investment grade securities other than securities of the Company or any affiliate.

(c) "Change in Control" means the first to occur of any of the following events:

(i) Any "person" (as that term is used in Section 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")) is or becomes the beneficial owner (as that term is used

in Section 13(d) of the Exchange Act), directly or indirectly, of 50% or more of the Company's capital stock entitled to vote in the election of directors (a "Change in Ownership"); provided, however, that a Change in Ownership shall not result in a Change in Control unless within the two year period following the particular Change in Ownership there is also a change in the members of the Board of Directors of the Company such that those persons serving as directors of the Company immediately prior to the Change in Ownership cease to represent at least one-half of the members of the Board of Directors of the Company.

(ii) Any consolidation or merger of the Company, other than a merger of the Company in which the holders of the common stock of the Company immediately prior to the merger hold more than 50% of the common stock of the surviving corporation immediately after the merger.

(iii) The shareholders of the Company approve any plan or proposal for the dissolution of the Company; or

(iv) Substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within a "controlled group of corporations" (as defined in Section 1563 of the Internal Revenue Code of 1986, as amended) in which the Company is a member.

7. General Provisions. (a) Benefits payable hereunder will be made from the Company's general funds; (b) nothing herein contained shall be construed to give any person the right to be retained in the service of the Company or to interfere with the rights of the Company to discharge any Employee at any time; (c) Benefits hereunder may not be assigned or anticipated and no such Benefits shall be subject to legal process or attachment for the payment of any claims against any person entitled to receive such Benefits; and (d) this Plan shall be administered and construed in accordance with Connecticut law.

8. Elections. A Participant shall be entitled to make an irrevocable election to terminate his participation in this Plan in order to receive the supplemental deferred compensation under the Deferral Plan. The election shall be made on the form prescribed by the Committee. Any such election shall be effective upon the Committee's receipt of a properly completed election form. As soon as practicable thereafter, the Company agrees to credit the Participant's account balance under Section 6A of the Deferral Plan in an amount equal to the then present value of his accrued Benefit under this Plan, after assuming that Benefits would commence at early retirement age (or the actual age of the Participant if older at the time), and the former Participant

shall not have any further rights hereunder. Any Participant who makes the election provided for in this Section 8 shall be ineligible to participate in this Plan thereafter.

9. Calculation of Present Value of Accrued Benefit. Whenever it shall be necessary to calculate the present value of a Participant's accrued Benefit hereunder, such calculation shall be made based upon the interest and/or mortality assumptions used for FASB purposes with respect to the Pension Plan which are in effect as of the close of the most recently concluded fiscal year of the Company.

IN WITNESS WHEREOF, Kaman Corporation has caused this Amendment and Restatement to be executed on its behalf by its duly authorized officer and its corporate seal to be hereunto affixed this 28th day of December, 1994.

ATTEST:

KAMAN CORPORATION

Candace A. Clark  
Assistant Secretary

By Robert M. Garneau  
Its Senior Vice President

FIRST AMENDMENT  
TO  
KAMAN CORPORATION SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN

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

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

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

NOW THEREFORE, the SERP is hereby amended as follows:

1. Beginning with the 1998 Plan Year, section 3 of the SERP is hereby deleted and replaced with the following:

"Determination of Benefits. Benefits under this Plan shall be the difference between (i) the amount of annual benefit which would have accrued for a Participant under the Pension Plan (A) if the Participant did not participate in the Deferral Plan and (B) had the Company not been limited by Code Section 415 or Code Section 401(a)(17) but had continued to fund the amount of a Participant's annual benefit to the same extent as in the case of other Participants with respect to whom the Company was not so limited, without reduction for any prior minimum distributions required to have been made under Code Section 401(a)(9), and (ii) the amount of the annual benefit to which the Participant is entitled under the Pension Plan. In the case of Participants who are Employees of a subsidiary of the Company, beginning January 1, 1995, the Benefit under this Plan shall also include the difference, if any, between (i) the amount of annual benefit which would have accrued for a Participant under the Pension Plan if the Participant were a direct Employee of the Company without reduction for any prior minimum distributions required to have been made under Code Section 401(a)(9) and (ii) the amount of annual benefit to which the Participant is entitled to under the Pension Plan. This Plan shall have the effect of providing the Participant with an unfunded benefit subject to the same terms and conditions as contained in the Pension Plan."

EXCEPT AS AMENDED HEREIN, the terms of the SERP, as amended and restated, as of January 1, 1994, are confirmed and remain unchanged.

IN WITNESS WHEREOF, Kaman Corporation has caused this First Amendment to be executed on its behalf by its duly authorized officer as of the 10th day of February, 1998.

KAMAN CORPORATION

By:  
Robert M. Garneau  
Executive Vice President

ATTEST:

Candace A. Clark  
2/10/98  
Date

SECOND AMENDMENT TO KAMAN CORPORATION  
SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN

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

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

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

NOW THEREFORE, the SERP is hereby amended as follows:

1. The following new Section 10 is added to the SERP, effective August 2, 1999:

"10. Provisions Relating Solely to Paul R. Kuhn.

(a) In the case of Paul R. Kuhn, benefits under this Plan shall generally be determined in accordance with the foregoing provisions of this Plan. However, in computing the amount of annual benefit which would have accrued for a Participant under the Pension Plan for purposes of part (i) of the first sentence of Section 3 (as set forth in the First Amendment to the Plan), but not for purposes of part (ii) of said first sentence of Section 3, the following adjustments shall be made solely in the case of Paul R. Kuhn:

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



(2) Credited Service and Continuous Service (as those terms are defined in the Pension Plan) shall accrue at a rate of three (3) years for each completed calendar year of employment, for each completed calendar year of employment thereafter (i.e., each calendar year beginning on or after January 1, 2004).

(3) If his employment ends within two (2) years after August 2, 1999 (i.e., prior to August 2, 2001), he will be deemed to have earned a total of eight (8) years of Credited Service and Continuous Service (as those terms are defined in the Pension Plan) at the date which would have been his Normal Retirement Date (as that term is defined in the Pension Plan) had his employment not ended. In such event, benefits shall be due and payable only at what would have been his Normal Retirement Date.

(b) His benefit shall otherwise be computed in accordance with the provisions of Section 3 (as set forth in the First Amendment), to the extent such provisions are not inconsistent with the provisions of this Section 10."

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

IN WITNESS WHEREOF, Kaman Corporation has caused this Second Amendment to be executed on its behalf by its duly authorized officer this 2nd day of September, 1999.

KAMAN CORPORATION

By: Robert M. Garneau  
Title

Attest:  
Candace A. Clark  
Date: 9/2/99

THIRD AMENDMENT TO KAMAN CORPORATION  
SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN

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

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

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

NOW THEREFORE, the SERP is hereby amended as follows:

1. Beginning with the 1999 Plan Year (as defined in the SERP), the following new Section 11 is added to the SERP:

"11. Provisions Relating to Other Participants Affected by Other Agreements.

It is possible that one or more Participants shall enter into a legally binding agreement or agreements with the Company or a subsidiary thereof which relate (in whole or in part) to the Participant's participation in this Plan and benefits hereunder. Such agreement may include, without limitation, providing for additional Continuous and Credited Service (as those terms are defined in the Kaman Corporation Employees' Pension Plan) in computing benefits under this Plan, in all cases or only upon the occurrence of one or more events. Any benefits payable hereunder shall be determined with reference to any such agreement."

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

IN WITNESS WHEREOF, Kaman Corporation has caused this Third Amendment to be executed on its behalf by its duly authorized officer this 16th day of November, 1999.

KAMAN CORPORATION

By: Robert M. Garneau  
Title Executive Vice

President

Attest:  
Candace A. Clark  
Date: Nov. 16, 1999

FOURTH AMENDMENT TO KAMAN CORPORATION  
SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN

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

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

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

NOW THEREFORE, the SERP is hereby amended as follows:

1. Paragraph (b) of Section 4 is amended to read as follows:

"(b) Notwithstanding any provision in this Plan to the contrary, if payments under the Pension Plan commence earlier than the date the Participant actually retires, dies, or otherwise terminates employment, then Benefits under this Plan shall be paid in the same form as payments being made under the Pension Plan, but except as provided in the following sentence, shall not commence until the Participant actually retires, dies or otherwise terminates employment; and the Participant shall not be entitled to the Benefits under this Plan that were not paid during the period before he actually retired, died, or otherwise terminated employment. In the case of Charles H. Kaman, however, payments shall commence following a determination by the Committee that Charles H. Kaman is Totally Disabled, if earlier. Charles H. Kaman shall be considered to be Totally Disabled hereunder if the Committee determines that he is unable to perform the essential duties of his

occupation due to injury or sickness, and that such condition has existed for a period of at least six (6) months. Such payments shall cease if Charles H. Kaman returns to active employment with Kaman Corporation. Charles H. Kaman shall not be entitled to receive benefits under this Plan that were not paid during the period before the Committee determines him to be Totally Disabled."

2. Paragraph (a) of Section 6 is amended to read as follows:

"(a) The Board of Directors of the Company reserves the right to amend or terminate this Plan at any time, in whole or in part. The Board of Directors may delegate the authority to amend or terminate this Plan to a committee of the Board of Directors or to the Committee. Notwithstanding the foregoing, no amendment or termination shall have the effect of reducing or discontinuing any payments then being made or due to be made under the terms hereof immediately prior to such action, nor of reducing or terminating any rights to future payments of Benefits accrued under this Plan as of the date of termination. Future payments of Benefits accrued under this Plan at any particular date shall be determined in the same manner as under the Pension Plan. In the event of a Change in Control, as defined in paragraph (c) hereof, then in addition to any other protections contained in this paragraph (a), no amendments may be made to the Plan which would adversely affect current Participants or Participants receiving distributions as to the calculation or payment of benefits accrued under the Plan to the date of the amendment."

3. Paragraph (b) of Section 6 is amended to read as follows:

"(b) In the event of a Change in Control, as defined in paragraph (c) below, the Company shall have the obligation to promptly establish a "rabbi trust" with an independent corporate trustee, similar in nature to the Kaman Corporation Deferred Compensation Plan Trust Agreement, if one had not previously been established. Under the terms of the Trust, any assets placed in trust shall continue to be available to the creditors of the Company in the event of the Company's bankruptcy or insolvency, and accordingly, the rights of Participants, and their Beneficiaries, shall be and remain those of an unsecured general creditor of the Company notwithstanding the establishment of such a Trust. The Company shall immediately upon establishment of such Trust make

contributions to the Trust in cash, in an amount sufficient to cause the Trust Fund to equal at least the present value of all benefits accrued under the Plan for Participants and beneficiaries thereof as of the Change in Control. If such Trust had been established prior to the Change of Control, however, such contributions shall be made on or before the occurrence of such Change in Control. Thereafter, on at least an annual basis (the "valuation date"), the Company shall have the obligation to make additional contributions to the Trust, and shall make such additional contributions to the Trust in cash, in an amount sufficient to cause the Trust Fund to equal at least the present value of all benefits accrued under the Plan for Participants and beneficiaries thereof as of such valuation date. Any such contribution shall be made within ten (10) days of such valuation date. The first valuation date must be at or within twelve (12) months of the date the Change in Control occurred. If the Company fails to satisfy any of the requirements of this paragraph (b) of this Section 6, the Plan will automatically terminate and notwithstanding anything to the contrary contained in paragraph (a) of this Section 6 or elsewhere in the Plan, the present value of all accrued benefits under the Plan will be paid out immediately in lump sum payments to Participants and beneficiaries of deceased Participants."

4. Paragraph (a) of Section 7 is amended to read as follows:

"(a) Benefits payable hereunder will be made from the Company's general funds or from any "rabbi trust" which may be established in connection with the Plan;"

5. Section 9 is amended to read as follows:

"9. Calculation of Present Value of Accrued Benefit. Whenever it shall be necessary to calculate the present value of a Participant's accrued Benefit hereunder, such calculation shall be made based upon the following interest and mortality assumptions and based on the assumption that such Benefits would commence at early retirement age (or the actual age of the Participant, if older at the time):

(a) For all purposes other than for determining present value of accrued benefits upon Plan termination: the interest and mortality assumptions which would then be utilized in computing the value of lump sum benefits under the Kaman Corporation Employees' Pension Plan shall be utilized hereunder. Currently, such assumptions are set forth in Section 2.1(c) of said Plan, as amended.

(b) For purposes of determining the present value of accrued benefits upon Plan termination:

(1) Interest: Interest shall be the annual rate(s) determined under Appendix B to Part 4044 of the Pension Benefit Guaranty Corporation Regulations, Interest Rates Used to Value Benefits, determined for the month in which the Plan termination occurs. If Appendix B should change, reference hereto shall be deemed to include reference to any substitute for or successor to such Appendix B.

(2) Mortality: Mortality shall be determined based upon Table 1, Mortality Table for Healthy Male Participants, set forth in Appendix A to Part 4022 of the Pension Benefit Guaranty Corporation regulations. If such Table 1 should change, reference hereto shall be deemed to include reference to any substitute for or successor to such Table 1."

6. This Amendment is effective as of November 14, 2000.

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

IN WITNESS WHEREOF, Kaman Corporation has caused this Fourth Amendment to be executed on its behalf by its duly authorized officer this 14th day of November, 2000.

KAMAN CORPORATION

By:  
Robert M. Garneau  
Its Executive Vice President & CFO

Attest:

Candace A. Clark, Secretary

Date: 11/14/00





KAMAN CORPORATION

AMENDED AND RESTATED  
DEFERRED COMPENSATION PLAN

(Effective January 1, 1994)

This Amended and Restated Kaman Corporation Deferred Compensation Plan is adopted by Kaman Corporation effective as of January 1, 1994.

WHEREAS, the Corporation adopted the Plan effective October 1, 1993; and

WHEREAS, the Corporation amended the Plan by a First Amendment also effective as of October 1, 1993; and

WHEREAS, the Corporation has reserved the right to amend the Plan; and

WHEREAS, the Corporation wishes to amend the Plan effective January 1, 1994 to provide for an additional benefit for certain Participants in the Plan who do not participate in the Kaman Corporation Supplemental Employees' Retirement Plan; and

WHEREAS, on September 19, 1994, the Board of Directors of the Corporation adopted a resolution authorizing the amendment of the Plan as provided for herein;

NOW, THEREFORE, the Plan is hereby amended and restated in its entirety as follows:

Purpose

The purpose of this Plan is to provide specified benefits to a select group of senior management or highly compensated employees of Kaman Corporation, a Connecticut corporation, and its subsidiaries.

Page 1

Section 1  
Definitions

For purposes of this Plan, the following phrases or terms shall have the following indicated meanings, unless the context requires otherwise:

1.1 "Account Balance" means, as to each Participant, the sum of (i) all amounts of Base Salary and/or Bonus deferred by the Participant pursuant to this Plan plus (ii) any additional deferred compensation payable pursuant to Section 6.1, plus (iii) all interest credited thereon in accordance with the applicable interest crediting provisions of the Plan, less (iv) any distributions to the Participant or his Beneficiary. For purposes of the Plan established by Section 6A, "Account Balance" means the sum of (i) all amounts of Supplemental Deferred Compensation, plus (ii) all interest credited thereon in accordance with the applicable interest crediting provisions of the Plan, less (iv) any distributions to the Participant or his Beneficiary. These accounts shall be bookkeeping entries only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to Participant pursuant to this Plan.

1.2 "Additional Deferred Compensation" means the deferred compensation payable to a Participant pursuant to Section 6.1.

1.3 "Base Salary" means a Participant's salary from the Corporation, inclusive of any elective deferrals made under this Plan or any other plan of the Corporation.

1.4 "Beneficiary" means one or more persons, trusts, estates or other entities, designated in accordance with Section 7, that are entitled to receive payments under this Plan after the death of a Participant.

1.5 "Beneficiary Designation Form" means the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.6 "Board" means the Board of Directors of Kaman Corporation.

1.7 "Bonus" means the cash, incentive compensation that may be awarded to a Participant under the Kaman Corporation Cash Bonus Plan or any successor plan, inclusive of any elective deferrals made under this Plan or any other plan of the Corporation.

1.8 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.9 "Committee" means those persons identified as the Plan Administrators of the Kaman Corporation Compensation Administration Plan, or such other persons that may be appointed by the Board to manage and administer the Plan pursuant to Section 9.

1.10 "Corporation" means Kaman Corporation, a Connecticut corporation, and, where the context requires, each of its wholly-owned subsidiaries or the particular corporation that employs the Participant.

1.11 "Crediting Rate" means, for each Plan Year, that rate of interest equal to 120% of the applicable federal long-term rate compounded monthly (as prescribed under section 1274(d) of the Code) in effect for the first month of each Plan Year.

1.12 "Deferral Amount" means that portion of a Participant's Base Salary and/or Bonus that the Participant elects to defer in accordance with Section 3.

1.13 "Deferral Election" means a Participant's election to defer a portion of his Base Salary and/or Bonus as provided in Section 3 for a particular Plan Year.

1.14 "Disability" means a period of disability during which a Participant qualifies for benefits under any Corporation sponsored long-term disability plan in which the Participant participates, or, if a Participant does not participate in such a plan, a period of disability during which the Participant would have qualified for benefits under such a plan had the Participant been a participant in such a plan, as determined in the sole discretion of the Committee.

1.15 "Election Form" means the form prescribed from time to time by the Committee that a Participant must use to make a Deferral Election under the Plan.

1.16 "Financial Hardship" means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising from events beyond the control of the Participant. The circumstances that will constitute a Financial Hardship will depend upon the facts of each case, but, in any case, the particular circumstances will not be regarded as giving rise to a Financial Hardship to the extent that any hardship is or may be relieved:

(a) Through reimbursement or compensation by insurance or otherwise;

(b) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or

(c) By cessation of deferrals under the Plan.

1.17 "Participant" means any employee of the Corporation (i) who is selected to participate in the Plan by the Board in accordance with Section 2.1, (ii) who participates in the Thrift Plan to the extent required as a condition to participation in this Plan, (iii) who elects to participate in the Plan, (iv) who signs a Plan Agreement, an Election Form, and a Beneficiary Designation Form (v) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, (vi) who satisfies any other enrollment requirements that may be established by the Committee, (vii) who commences participation in the Plan, and (viii) whose Plan Agreement has not terminated. "Participant" in the Supplemental Plan established by Section 6A means any employee of the Corporation who is selected to participate in the Supplemental Plan by the Board in accordance with Section 2.1 and who satisfies any other enrollment requirements that may be established by the Committee; provided, however, that the term shall not include any person who is

entitled by contract to receive a payment in lieu of the supplemental deferred compensation provided for in Section 6A, including, but not limited to, retirement benefits in addition to those provided under the Pension Plan. Where the context requires, the term "Participant" shall also mean an employee or former employee who previously participated on an active basis and who still has a positive Account Balance.

1.18 "Payroll Taxes" means any tax imposed on compensation paid to a Participant that an employer is required to collect from the Participant including, but not limited to, any employee contributions for old age, survivors and disability insurance or hospital insurance.

1.19 "Pension Plan" means the Kaman Corporation Employees Pension Plan.

1.20 "Plan" means this Deferred Compensation Plan.

1.21 "Plan Agreement" means the written agreement, as it may be amended from time to time, that is entered into by and between the Corporation and a Participant. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled to under the Plan, and the Plan Agreement bearing the latest date of acceptance by the Committee shall govern such entitlement.

1.22 "Plan Year" means the calendar year, except that the initial Plan Year shall begin on October 1, 1993, and end on December 31, 1993.

1.23 "Retirement", "Retires" or "Retired" means a Termination of Service on or after the attainment of Early Retirement Age under the Pension Plan and otherwise in accordance with the Pension Plan.

1.24 "SERP" means the Amended and Restated Kaman Corporation Supplemental Employees' Retirement Plan.

1.25 "Supplemental Deferred Compensation" means the deferred compensation payable to a Participant pursuant to Section 6A.1.

1.24 "Termination of Service" means the cessation of employment with the Corporation other than in connection with an authorized leave of absence.

1.27 "Thrift Plan" means the Kaman Corporation Thrift and Retirement Plan.

## Section 2 Eligibility and Enrollment

2.1 Selection by Board. Participation in the Plan shall be limited to a select group of management or highly compensated employees whose eligibility to participate in the Plan is approved by the Board on its own initiative, or upon the recommendation of the Committee. The Board may terminate an employee's eligibility to participate in the Plan at any time in its sole discretion.

2.2 Enrollment Requirements. As a condition to participation, an eligible employee must complete, execute and return to the Committee, within the time prescribed by the Committee, a Plan Agreement, and an Election Form. In addition, in order to participate in the Plan for any particular Plan Year, an eligible employee must elect to make the maximum contribution that he is allowed to make under section 402(g) of the Code and the terms of the Thrift Plan. The Committee may establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary or appropriate for purposes of administering the Plan. The Committee may in its sole discretion waive the requirement that the eligible employee make the maximum contribution to the Thrift Plan where such maximum contribution to the Thrift Plan would have an adverse financial impact on the employee as a result of the application of any laws or regulations relating to limitations on contributions to, or taxation of distributions from, employee welfare benefit plans.

2.3 Commencement of Participation. An employee shall commence participation in the Plan upon the timely completion of all enrollment requirements and the Committee's acceptance of all submitted documents. Eligible employees who wish to participate in the Plan for any particular Plan Year must satisfy the enrollment requirements prior to the commencement of the Plan Year; provided, however, that in the first year in which an employee first becomes eligible to participate in the Plan, the

newly eligible employee must satisfy the enrollment requirements within thirty (30) days after the date on which he became eligible. If an eligible employee does not meet all enrollment requirements within the time prescribed, that employee shall not be allowed to participate in the Plan until the first day of the Plan Year following the completion of all enrollment requirements.

### Section 3 Deferral Commitments/Interest Crediting

3.1 Maximum Deferral. For each Plan Year, a Participant may elect to defer a percentage of his Base Salary not to exceed 50% and/or all or a percentage of his Bonus.

3.2 Election to Defer: Effect of Election Form. In order to make a Deferral Election for any Plan Year a Participant must deliver a completed and signed Election Form to the Committee prior to the commencement of the Plan Year to which it relates. In the case of a newly admitted Participant, the Deferral Election must be made within the thirty (30) day period provided for in Section 2.3, and shall not apply to any Base Salary earned prior to the commencement of his participation. A separate Election Form is required for each Plan Year. The Election Form must specify the percentage of the Base Salary and/or Bonus that the Participant has elected to defer. Except as otherwise expressly provided for herein, each Deferral Election shall be irrevocable for the Plan Year for which it is made, and shall be deemed to apply to any salary increases occurring during that year. No Election Form shall be effective unless accepted by the Committee.

3.3 Additions to Account Balances. The percentage of a Participant's Base Salary deferred pursuant to Section 3.2 shall be credited to the Participant's Account Balance as of the last day of each month in which the deferred portion of the Base Salary would have been paid if not deferred. The percentage of a Participant's Bonus deferred pursuant to Section 3.2 shall be credited to the Participant's Account Balance as of the last day of each month in which the deferred portion of the Bonus would have been paid if not deferred.

3.4 Interest Crediting. Interest shall be credited monthly and compounded monthly on all Deferral Amounts credited to a Participant's Account Balance. Interest shall be credited only with respect to amounts in the Account Balance at the end of the month, and no interest shall be credited with respect to any portion of an Account Balance withdrawn or distributed from an Account Balance during the month. The rate of interest shall be the applicable Crediting Rate.

3.5 Payroll Taxes. The Corporation shall ratably withhold from that portion of the Participant's Base Salary or Bonus that is not being deferred, any Payroll Taxes imposed on the Participant with respect to any Deferral Amount, Additional Deferred Compensation or Supplemental Deferred Compensation. If necessary, the Committee shall reduce the Deferral Amount in any Plan Year in order to comply with this Section 3.5.

3.6 Suspension of Election upon Financial Hardship. If a Participant believes he has experienced a Financial Hardship, the Participant may request the Committee to suspend the Participant's Deferral Election for the remainder of the Plan Year in which the Financial Hardship occurs. The Committee shall grant the request if the Committee, in its sole discretion, determines that the Participant has suffered a Financial Hardship.

3.7 Suspension of Election Upon Disability. In the event of the Disability of a Participant, the Committee shall automatically suspend the Participant's Deferral Election for the remainder of the Plan Year in which the Disability occurs effective upon the determination of Disability.

#### Section 4 Distributions Upon Retirement

4.1 Distributions Upon Retirement. The Account Balance of a Participant who Retires shall be distributed in a lump sum or in monthly installments over a period of 5, 10 or 15 years, as the Participant shall have elected pursuant to Section 4.2. Notwithstanding the foregoing, for purposes of the plan established by Section 6A, the Participant may elect only between receiving distributions in monthly installments over a period of 10 years or 15 years.



4.2 Election of Method of Payment. Each Participant, in connection with his commencement of participation in the Plan, must elect the manner in which he wishes to have his Account Balance distributed upon Retirement. As part of this election, the Participant shall indicate whether he wishes the lump sum payment to be made or the installment payments to commence (i) on the first day of the third month following the date the Participant Retires, or (ii) on the later of (A) the first day of the third month following the date the Participant Retires or (B) on the second day of the January next following the date the Participant Retires. The election shall be made on the form prescribed by the Committee. A Participant must make a separate election with respect to the payment of supplemental deferred compensation pursuant to Section 6A. A Participant may change his election to an allowable alternative method of payment by submitting a new election to the Committee, but any such change shall be applicable only with respect to subsequent Deferral Elections. The election made for purposes of the plan established by Section 6A shall be irrevocable once made.

4.3 Calculation of Monthly Distributions. If a Participant elects to receive distributions in the form of monthly installments, the distribution shall be made in the form of equal monthly installments adjusted on an annual basis at the beginning of each Plan Year to provide for annual amortization of the remaining Account Balance over the remaining payment period with interest at the Crediting Rate in effect at the beginning of the Plan Year. Each monthly installment shall be one-twelfth of the annual payment.

## Section 5 Distributions Other than Upon Retirement

5.1 Distributions After Lapse of Years. In connection with each Deferral Election, a Participant may also elect to receive a distribution of that portion of his Account Balance equal to the Deferral Amount for that Plan Year plus any interest credited thereon after the lapse of seven or more Plan Years as specified in the Election Form. Any such distributions shall be made in a lump-sum no later than ninety (90) days after the lapse of the number of years specified in the Election Form. Notwithstanding any provision herein to the contrary, no interest shall be credited on the Account Balance for any period subsequent to the last day of the last Plan Year in the lapse period.

5.2 Distributions Upon Disability or Death of Participant. Upon the Disability or death of a Participant, including a Participant who has commenced receiving distributions of his Account Balance, the Participant's entire Account Balance shall be distributed to the Participant or, in the case of a deceased Participant, to the Participant's Beneficiary in a lump sum. If the Participant's Account Balance at the time of Disability or death exceeds \$25,000, and the Participant has not commenced receiving a distribution of his Account Balance at such time, then, at the sole discretion of the Committee, the Participant's Account Balance shall be distributed in 120 monthly installments in the manner provided for in Section 4.3. The lump sum distribution shall be made, or the installment payments shall commence, on the first day of the third month following the determination of the Disability of the Participant or the death of the Participant.

5.3 Distributions Upon Termination of Service. In the case of a Participant who has experienced a Termination of Service not occasioned by Retirement, Disability or death, the entire Account Balance of the Participant shall be distributed to the Participant on the second day of the January next following the date on which the Termination of Service occurs; provided, however, that the Committee may, in its sole discretion, authorize an earlier Distribution. For purposes of the plan established by Section 6A, the Account Balance of a Participant who has experienced a Termination of Service not occasioned by Retirement, Disability or death, shall be distributed in monthly installments over a period of 10 years or 15 years (as elected by the Participant) commencing on the second day of the January next following the date on which the Termination of Service occurs unless the Committee elects, in its discretion, to make an earlier distribution.

5.4 In-service Distributions Upon Financial Hardship. If a Participant believes he has experienced a Financial Hardship, then, in addition to requesting a suspension of his Deferral Election pursuant to Section 3.6, the Participant may also request a distribution of part or all of the Participant's Account Balance on account of Financial Hardship. The Committee may, in its sole discretion, grant the request provided, however, that in no circumstances shall the amount of the distribution from the Participant's Account Balance exceed the amount that the Committee, in its sole discretion, determines is necessary to satisfy the Financial Hardship. If the Committee approves the distribution, the distribution shall be made as soon as practicable in the discretion of the Committee.

5.5 In-service Withdrawals. A Participant shall be entitled to withdraw all of his Account Balance without regard to Financial Hardship, provided, however, that if a Participant elects an in-service withdrawal pursuant to this Section 5.5, then immediately prior to such withdrawal: (i) the Participant's Account Balance will automatically be reduced by the lesser of (X) any portion of the Account Balance attributable to interest credited on Deferral Amounts or (Y) ten percent (10%) of the Participant's Account Balance, calculated in either case as of the date of withdrawal; and (ii) the Participant's Deferral Election for the current Plan Year shall be suspended and the Participant shall not be eligible to make any additional Deferral Elections for any future Plan Years. The distribution shall be made within ninety (90) days after the Participant provides the Committee with written notice of his intent to withdraw his Account Balance and executes a written acknowledgment of the reduction in his Account Balance and his ineligibility to participate in the Plan as set forth above.

## Section 6 Additional Deferred Compensation

6.1 Additional Deferred Compensation. The Corporation shall pay Additional Deferred Compensation to each Participant in an amount equal to 25% of the Participant's Deferral Amount for such Plan Year, provided, however, that the Additional Deferred Compensation payable to a Participant for any Plan Year shall not exceed an amount equal to 1.25% of the Participant's Base Salary and Bonus (or such lower percentage as the Corporation shall determine) reduced by any matching contribution that the Corporation made to the Participant's account under the Thrift Plan. Any Additional Deferred Compensation shall be credited to the Account Balance of the Participant and shall be treated as a Deferral Amount with respect to the Plan Year to which it relates, and, as such, shall be governed by the Deferral Election in effect for that Plan Year. The Additional Deferred Compensation shall be calculated within ninety (90) days after the close of the Plan Year and shall be credited to the Participant's Account Balance as of January 1 of the succeeding Plan Year to each such Participant employed on said date. Interest shall be credited on said amount thereafter in accordance with Section 3.4.

6.2 Other Benefits. This Plan shall supplement and shall not supersede, modify or amend any other plan or program maintained by the Corporation except as may otherwise be expressly provided.

#### Section 6A Supplemental Deferred Compensation

6A.1 Supplemental Deferred Compensation. The Corporation shall pay Supplemental Deferred Compensation to each Participant who is not also a participant in the SERP. The amount of the Supplemental Deferred Compensation shall be ten percent (10%) of the amount by which the Participant's "W-2 Earnings" (as defined in the Pension Plan) for the most recently concluded fiscal year of the Pension Plan exceed the "Compensation Limit" set forth in section 401(a)(17) of the Code, as adjusted from time to time as provided for in said section 401(a)(17). The Supplemental Deferred Compensation shall be calculated within ninety (90) days after the close of the Plan Year and shall be credited to the Participant's Account Balance as of January 1 of the succeeding Plan Year to each such Participant employed on said date. Interest shall be credited on said amount thereafter in accordance with Section 3.4.

6A.2 Separate Treatment. This Section 6A establishes a separate and distinct plan for the payment of deferred compensation, which Plan shall be governed by and administered in accordance with the provisions of this Section and Sections 1, 2.1, 3.4, 3.5, 4.1, 4.2, 4.3, 5.2, 5.3, 7, 8, 9 and 10 hereof. By way of example, and not by way of limitation: Supplemental Deferred Compensation and the interest credited on such Compensation shall be credited to a separate account; a Participant shall be entitled to make a separate election as to the distribution of his Account Balance attributable to Supplemental Deferred Compensation; a Participant in this Supplemental Plan will not be entitled to receive a distribution of his Account Balance attributable to this Plan until the time provided for in Section 4.1, 5.2 or 5.3; and a Participant who is otherwise eligible to receive Supplemental Deferred Compensation hereunder shall be entitled to continue to receive such compensation even though the Participant is ineligible to make any additional Deferral Elections because he has elected to take an in-service withdrawal pursuant to Section 5.5.

6A.3 Transfer of Benefits. If an employee would be eligible to participate in the Supplemental Plan established pursuant to this Article 6A but for the fact that he participates in the SERP, then he may elect to terminate his participation in the SERP and thenceforth participate in this Plan. If he so elects, his initial Account Balance for purposes of this Supplemental Plan shall be credited with the present value of his accrued SERP benefits as determined in accordance with the provisions of the SERP.

6A.4 Cash-out Option. Notwithstanding any election by a Participant to receive distributions in monthly installments, in the discretion of the Committee, the remaining Account Balance of a Participant who has commenced receiving distributions in monthly installments shall be distributed in a single lump sum if the monthly payment is less than \$100 or the remaining Account Balance is less than \$10,000. This cash-out option shall be applicable only to the Supplemental Plan established pursuant to this Section 6A.

## Section 7 Beneficiary Designation

7.1 Beneficiary. Each Participant shall have the right, at any time, to designate a Beneficiary (both primary as well as contingent) to receive any distributions of the Account Balance upon the death of the Participant.

7.2 Beneficiary Designation. A Participant shall designate his Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee. A Participant shall have the right to change his Beneficiary Designation by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all prior Beneficiary designations shall be canceled. No designation or change in designation of a Beneficiary shall be effective until received and accepted by the Committee. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his death except to the extent superseded by any applicable law or court order.

7.3 Failure to Designate Beneficiary. If a Participant fails to designate a Beneficiary as provided above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's Account Balance, then the Participant's designated Beneficiary shall be deemed to be his surviving spouse. If the Participant has no surviving spouse, the Participant's Account Balance shall be distributed to the executor or personal representative of the Participant's estate.

7.4 Doubt as to Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its sole discretion, to cause the Corporation to withhold such payments until this matter is resolved to the Committee's satisfaction.

## Section 8

### Termination or Amendment

8.1 Termination. The Board reserves the right, at any time, to terminate the Plan as to any future deferrals or to terminate the Plan in its entirety. If the Plan is terminated then all Account Balances shall be distributed in a cash lump sum within 60 days of the effective date of such termination unless the Corporation has established the trust referred to in Section 10.1 and such trust is funded by letter of credit or otherwise in an amount not less than the aggregate Account Balances of all Participants on the date of termination.

8.2 Amendment. The Board may amend the Plan at any time, in whole or in part; provided, however, that no amendment shall be effective to (i) reduce a Participant's Account Balance in existence on the effective date of the amendment or the Corporation's obligation to fund or distribute such Account Balance in the event of a termination of the Plan, (ii) reduce the Crediting Rate on any Account Balance existing on the effective date of the amendment, or (iii) allow the Participant to accelerate the receipt of any portion of the Participant's Account Balance existing on the effective date of the amendment beyond the authority currently granted. The Board may delegate the authority to amend the Plan to a committee of the Board or to the Committee.

Section 9  
Administration

9.1 Committee Duties. This Plan shall be administered by the Committee, which shall have the discretion and authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. Members of the Committee may be Participants under this Plan, provided, however, that no Committee member shall participate in any decision in which he has an interest other than an interest as a participant in the Plan generally. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

9.2 Agents. The Committee may, from time to time, (i) employ agents and delegate to them such administrative duties as it sees fit and (ii) consult with counsel who may be counsel to the Corporation.

9.3 Indemnity of Committee. The Corporation shall indemnify and hold harmless the members of the Committee, or any of its agents, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct.

9.4 Information Requirement. The Corporation shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Service of any Participant, and such other pertinent information as the Committee may reasonably require in order to enable the Committee to perform its functions.

9.5 Claims Procedures. The Committee shall establish a claims procedure under the Plan. Any determination or action of the Committee with respect to the administration of the Plan shall be final, conclusive and binding on all persons interested herein.

Section 10  
Miscellaneous

10.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Corporation. Any and all of the Corporation's assets shall be, and remain, the general, unpledged, unrestricted assets of the Corporation. The Corporation's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future. The Corporation intends to establish a trust for the purposes of providing Participants with assurance that the Corporation's obligations under this Plan will be honored. Under the terms of the trust, however, any assets placed in trust shall continue to be available to the creditors of the Corporation in the event of the Corporation's insolvency, and, accordingly, the rights of Participants, and their Beneficiaries, heirs, successors and assigns, shall remain those of an unsecured general creditor notwithstanding the establishment of such a trust.

10.2 Corporation's Liability. The Corporation shall have no obligation to a Participant or his Beneficiary under the Plan except as expressly provided in the Plan and the Participant's Plan Agreement.

10.3 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.4 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Corporation and the



Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation, or to interfere with the right of the Corporation to discipline or discharge the Participant at any time.

10.5 Furnishing Information. As a condition to participation, each Participant agrees to cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan, including but not limited to taking such physical examinations as the Committee may deem necessary.

10.6 Terms. Whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply. Any reference to the masculine gender shall be deemed to include the feminine gender as well.

10.7 Captions. The captions in the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.8 Governing Law. The provisions of this Plan shall be construed and interpreted according to the laws of the State of Connecticut.

10.9 Notice. Any notice or filing required or permitted to be given to a Participant under this plan shall be sufficient if in writing and hand delivered or sent by mail to the last known address of the Participant. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to:

Kaman Corporation  
P.O. Box 1  
Bloomfield, CT 06002

Attention: Deferred Compensation Plan Committee

Such notice shall be deemed given as of the date of hand delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.10 Successors. The provisions of this Plan shall bind and inure to the benefit of the Corporation and its successors and assigns and the Participant, the Participant's Beneficiaries, and their permitted successors and assigns.

10.11 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

10.12 Incompetency. If a distribution under this Plan is payable (i) to a minor, or (ii) to a person the Committee determines in its discretion to be incompetent or incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person.

10.13 Distribution in the Event of Taxation. If, for any reason, all or any portion of a Participant's benefit under this Plan becomes taxable to the Participant prior to receipt, a Participant may request that the Committee distribute a portion of the Participant's Account Balance sufficient to meet the Participant's tax liability (including additions to tax, penalties and interest).

10.14 Effect of Payment. The full payment of a Participant's Account Balance to the person the Committee determines is the proper person to receive the distribution shall completely discharge all obligations to the Participant under this Plan and the Participant's Plan Agreement shall terminate.

IN WITNESS WHEREOF, the Corporation has signed this Amended and Restated Plan document on this 9th day of December, 1994.

KAMAN CORPORATION

By Harvey S. Levenson  
Its President

FIRST AMENDMENT  
TO  
KAMAN CORPORATION AMENDED AND RESTATED  
DEFERRED COMPENSATION PLAN

THIS AMENDMENT made by Kaman Corporation for the purpose of amending its Amended and Restated Deferred Compensation Plan,

WITNESSETH:

WHEREAS, by Written Plan Instrument dated December 9, 1994, Kaman Corporation (hereinafter referred to as the "Corporation") adopted an Amended and Restated Deferred Compensation Plan; and

WHEREAS, the Corporation reserved the right, in Section 8.2 thereof, to amend the Plan; and

WHEREAS, the Corporation now wishes to amend the Plan in the particulars set forth below;

NOW, THEREFORE, the Corporation hereby amends the Plan as follows:

1. The last sentence in Subsection 2.2 is hereby deleted and replaced with the following sentence:

"The Committee may in its sole discretion waive the requirement that the eligible employee make the maximum contribution that he is allowed to make under section 402(g) of the Code and the terms of the Thrift Plan, provided, however, that in granting such a waiver, the Comminee shall not require, as a condition to participation in the Plan, that the eligible employee make or not make elective contributions to the Thrift Plan or make a particular level of elective contributions to the Thrift Plan (other than the maximum elective contribution that he is allowed to make under section 402(g) of the Code and the terms of the Thrift Plan)."

2. The first sentence of subsection 6.1 is hereby deleted and replaced with the following sentence:

"6.1 Additional Deferred Compensation. The Corporation shall pay Additional Deferred Compensation to each Participant in an amount equal to 25% of the Participant's Deferral Amount for such Plan Year, provided, however, that the Additional Deferred Compensation payable to a Participant for any Plan Year shall not exceed an amount equal to 1.25% of the Participant's Base Salary and Bonus (or such lower percentage as the Corporation shall determine) reduced by an amount equal to the maximum matching contribution allowed for the Participant's benefit under the Thrift Plan determined on the assumption that the Participant makes or has made the maximum elective contribution that he is allowed to make under Section 402(g) of the Code and the terms of the Thrift Plan."

3. Except as hereinabove modified and amended, the Amended and Restated Deferred Compensation Plan shall remain in full force and effect.

4. This First Amendment is effective January 1, 1997.

IN WITNESS WHEREOF, Kaman Corporation has caused this First amendment to be executed on this 13th day of August, 1997

WITNESS

KAMAN CORPORATION

Candace A. Clark

By: Robert M. Garneau

SECOND AMENDMENT  
TO  
KAMAN CORPORATION DEFERRED COMPENSATION PLAN  
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994)

THIS AMENDMENT made this 9th day of September, 1997, by Kaman Corporation, hereinafter referred to as the "Company", for the purpose of amending certain provisions of the Deferred Compensation Plan,

WITNESSETH:

WHEREAS, the Company amended and restated the Kaman Corporation Deferred Compensation Plan (hereinafter referred to as the "Plan") by written Plan instrument adopted generally effective as of January 1, 1994, and further amended the same by a First Amendment thereto effective January 1, 1997; and

WHEREAS, the Company reserved the right to amend the Plan in Section 8 thereof; and

WHEREAS, the Company desires to amend the Plan in the following particulars;

NOW , THEREFORE, the Company hereby amends the Plan as follows;

1. The definition of "Base Salary" in Section 1.3 is hereby amended to add the following:

"Base Salary may also include other forms of compensation to which a Participant may become entitled to receive from the Company or an affiliated company thereof including, but not limited to, separation compensation. The determination as to the types of compensation which may be eligible for deferral under the Plan shall be made prior to the time such compensation is due and owing to the Participant. The type of compensation and the extent to which a Participant may defer such amounts shall be made by the Committee in its sole discretion."

2. Section 5.3 shall be redesignated as Section 5.3A and the first sentence of said section shall be amended by adding at the beginning thereof the following:

"Except as otherwise provided in paragraph 5.3B below,".

3. Section 5.3 shall be further amended by adding a new paragraph 5.3B to read as follows:

"5.3B. Distributions Related to a Sale, Merger, et.  
a1. In the case of a Participant who has experienced a Termination of Service as a result of a sale, merger or other disposition by the Company of an affiliated company or in the event of a disposition by the Company of substantially all the assets of a line of business, the Participant's Account Balance shall be distributed as if he Retired at the time of his Termination of Service; provided, however, that notwithstanding anything to the contrary in Section 4.2, prior to the final closing of the sale, merger, or other disposition of the affiliated company or line of business, an affected Participant shall have the right to change his election under Section 4.2 to any form of distribution then allowable under the Plan. Any such change of elections to the form of distribution shall apply to the Participant's entire Account Balance."

3. The above amendments shall be effective on September 9, 1997.

4. As hereinabove modified and amended, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by one of its duly authorized officers.

WITNESS KAMAN CORPORATION

Candace A. Clark

By: Robert M. Garneau  
Its Executive Vice President

THIRD AMENDMENT  
TO  
KAMAN CORPORATION DEFERRED COMPENSATION PLAN  
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994)

THIS AMENDMENT made this 15th day of February, 2000, by Kaman Corporation, hereinafter referred to as the ("Company", for the purpose of amending certain provisions of the Deferred Compensation Plan,

WITNESSETH:

WHEREAS, the Company amended and restated the Kaman Corporation Deferred Compensation Plan (hereinafter referred to as the "Plan") by written Plan instrument adopted generally effective as of January 1, 1994, and further amended the same by a First Amendment thereto effective January 1, 1997 and a Second Amendment thereto effective September 9, 1997; and

WHEREAS, the Company reserved the right to amend the Plan in Section 8 thereof; and

WHEREAS, the Company desires to amend the Plan in the following particulars;

NOW, THEREFORE, the Company hereby amends the Plan as follows:

1. The first sentence of Section 6.1, as set forth in the First Amendment, is further amended by the deletion of "1.25%" where the same shall appear therein and the substitution of "2.5%" in lieu thereof.
2. The above amendment shall be effective as of January 1, 2000.
3. As hereinabove modified and amended, the Plan as amended shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by one of its duly authorized officers.

WITNESS KAMAN CORPORATION

Candace A. Clark  
Secretary

By: Robert M. Garneau  
Its Executive Vice President  
and CFO

FOURTH AMENDMENT  
TO  
KAMAN CORPORATION DEFERRED COMPENSATION PLAN  
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994)

THIS AMENDMENT made this 14th day of November, 2000, by Kaman Corporation, hereinafter referred to as the "Corporation", for the purpose of amending certain provisions of the Deferred Compensation Plan,

WITNESSETH:

WHEREAS, the Corporation amended and restated the Kaman Corporation Deferred Compensation Plan (hereinafter referred to as the "Plan") by written Plan instrument adopted generally effective as of January 1, 1994, and further amended the same by a First Amendment thereto effective January 1, 1997, a Second Amendment thereto effective September 9, 1997, and a Third Amendment thereto effective January 1, 2000; and  
WHEREAS, the Corporation reserved the right to amend the Plan in Section 8 thereof; and  
WHEREAS, the Corporation desires to amend the Plan in the following particulars;  
NOW, THEREFORE, the Corporation hereby amends the Plan as follows:



1. Section 4.2 is amended to read as follows, effective November 14, 2000:

"4.2 Election of Method of Payment. Each Participant, in connection with his commencement of participation in the Plan, must elect the manner in which he wishes to have his Account Balance distributed upon Retirement. As part of this election, the Participant shall indicate whether he wishes the lump sum payment to be made or the installment payments to commence (i) on the first day of the third month following the date the Participant Retires, or (ii) on the later of (A) the first day of the third month following the date the Participant Retires or (B) on the second day of the January next following the date the Participant Retires. The election shall be made on the form prescribed by the Committee. A Participant must make a separate election with respect to the payment of supplemental deferred compensation pursuant to Section 6A. A Participant may change his election to an allowable alternative method of payment any time or any number of times by submitting a new election to the Committee. Any such change made prior to November 14, 2000 shall be applicable only with respect to subsequent Deferral Elections. Any change made on or after November 14, 2000 may apply to all previous deferrals as well; provided, however, that if the event which triggers the distribution occurs within one year of any such change made on or after November 14, 2000, that change shall be totally null and void. Effective November 14, 2000, an election made for purposes of the plan established by Section 6A (including elections made prior to November 14, 2000) shall not be irrevocable once made; and any change made on or after November 14, 2000 shall be subject to the same rules as are prescribed in the previous sentence."

2. Section 8.2 is amended to read as follows, effective November 14, 2000:

"8.2 Amendment. The Board may amend the Plan at any time, in whole or in part; provided, however, that no amendment shall be effective to (i) reduce a Participant's Account Balance in existence on the effective date of the amendment or the Corporation's obligation to fund or distribute such Account Balance in the event of a termination of the Plan, or (ii) reduce the Crediting Rate on any Account Balance existing on the effective date of the Amendment. In the event of a Change in Control, the additional restrictions an amendment set forth in Section 11.2 shall also apply. The Board may delegate the authority to amend the Plan to a committee of the Board or to the Committee."

3. The following new Section 11 is added to the Plan, effective November 14, 2000:

"Section 11

Change in Control

11.1 Contributions to Rabbi Trust. (a) In the event of a Change in Control, as defined herein, the Corporation shall have the obligation to make contributions to the Kaman Corporation Deferred Compensation Plan Trust Agreement, and shall make contributions to the Trust in cash, in an amount sufficient to cause the Trust Fund to equal at least the amount of all benefits accrued under the Plan for Participants and beneficiaries thereof as of the Change in Control. Such contribution shall be made on or before the occurrence of such Change in Control.

(b) Thereafter, on at least an annual basis (the "valuation date"), the Corporation shall have the obligation to make additional contributions to the Kaman Corporation Deferred Compensation Plan Trust Agreement, and shall make such additional contributions to the Trust in cash, in an amount sufficient to cause the Trust Fund to equal at least the amount of all benefits accrued under the Plan for Participants and beneficiaries thereof as of such valuation date. Any such contribution shall be made within ten (10) days of such valuation date. The first valuation date must be at or within twelve (12) months of the date the Change in Control occurred.

(c) If the Corporation fails to satisfy any of the requirements of paragraphs (a) or (b) of this Section 11.1, the Plan will automatically terminate and notwithstanding anything to the contrary contained in Section 8.1 or elsewhere in the Plan, all accrued benefits under the Plan will be paid out immediately in lump sum payments to Participants and beneficiaries of deceased Participants.

11.2 Restrictions on Amendment. In the event of a Change in Control, as defined herein, then in addition to any other protections provided in Section 8.2, the Plan may not be amended in any way that would have an adverse effect upon the calculation or payment of the benefits hereunder of any current Participant or any Participant receiving distributions which have accrued as of the date of such amendment.

11.3 Change in Control Defined. As used herein, the term "Change in Control" means the first to occur of any of the following events:

(a) Any "person" (as that term is used in Section 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")) is or becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of 50% or more of Kaman Corporation's capital stock entitled to vote in the election of directors (a "Change in Ownership"); provided, however, that a Change in Ownership shall not result in a Change in Control unless within the two year period following the particular Change in Ownership there is also a change in the members of the Board of Directors of Kaman Corporation such that those persons serving as directors of Kaman Corporation immediately prior to the Change in Ownership cease to represent at least one-half of the members of the Board of Directors of Kaman Corporation.

(b) Any consolidation or merger of Kaman Corporation, other than a merger of Kaman Corporation in which the holders of the common stock of Kaman Corporation immediately prior to the merger hold more than 50% of the common stock of the surviving corporation immediately after the merger.

(c) The shareholders of Kaman Corporation approve any plan or proposal for the liquidation or dissolution of Kaman Corporation; or

(d) Substantially all of the assets of Kaman Corporation are sold or otherwise transferred to parties that are not within a "controlled group of corporations" (as defined in Section 1563 of the Internal Revenue Code of 1986, as amended) in which Kaman Corporation is a member.

(e) It is the intent of the Corporation that this definition be identical to the definition of Change in Control set forth in the Kaman Corporation Deferred Compensation Plan Trust Agreement.

4. As hereinabove modified and amended, the Plan as amended shall remain in full force and effect.

5. This Amendment is effective as of November 14, 2000.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by one of its duly authorized officers.

WITNESS

KAMAN CORPORATION

Candace A. Clark

By: Paul R. Kuhn



KAMAN CORPORATION  
CASH BONUS PLAN

(Amended and Restated as of September 21, 1999)

1. Plan Name, Objective and Administration

a. Plan Name. The name of this Plan is the Kaman Corporation Cash Bonus Plan (the "Bonus Plan"). This plan supersedes and replaces that certain Cash Bonus Plan previously adopted by the Board of Directors of Kaman Corporation (the "Board").

b. Objective. The objective of the Bonus Plan is to provide an incentive for certain employees of Kaman Corporation ("Kaman") and its subsidiaries (each subsidiary being referred to as a "Business Unit" and collectively with Kaman, the "Company") to perform at levels beyond those ordinarily associated with competent fulfillment of the roles and responsibilities of their positions.

c. Administration. The Bonus Plan will be administered by a committee (the "Plan Administrators") consisting of the Chief Executive Officer, Chief Financial Officer, and Chief Legal Officer.

2. Eligibility to Participate.

a. The employees eligible to participate ("Participant" or collectively, "Participants") in the Bonus Plan for a particular Award Year shall be determined annually and shall be those persons designated as Key Management Personnel under the Kaman Corporation Compensation Administration Plan.

3. Initial Target Bonus Opportunity.

a. Each year, the Plan Administrators assign a target bonus opportunity percentage (TBO) to each salary grade. A Participant's initial target bonus opportunity is determined by multiplying the applicable TBO times the Participant's base annual salary.

4. Fund Determinations.

a. Initial Target Bonus Pool. The sum of the individual initial target bonus opportunities determined under Section 3 will determine the Initial Target Bonus Pool.

b. Modified Target Bonus Pool. The Initial Target Bonus Pool shall be modified by the then estimated Company and individual Business Unit Performance Ratings for the Award Year. Kaman will budget an appropriate estimated amount and accrue it over the course of the Award Year. Following the conclusion of the Award Year, the Modified Target Bonus Pool will be adjusted to reflect the actual Company and individual Business Unit Performance Ratings.

Page 1

c. Maximum Target Bonus Pool. Subject to the provisions of this Bonus Plan, the Maximum Target Bonus Pool shall not exceed one and one-half times (150%) of the Initial Target Bonus Pool.

d. Special Circumstances. The Board shall have the authority and discretion to evaluate significant or extraordinary circumstances affecting the business of the Company during an Award Year and, if the Board deems it appropriate, to (i) establish a maximum bonus fund which is greater than would otherwise be authorized under the formula described in this Section 4; and (ii) use the fund to pay cash bonus awards to some or all of the Participants as it determines.

5. Award Year.

a. Fiscal Year. The Award Year shall be, and shall

coincide with, Kaman's fiscal year, commencing January 1 of each year and concluding on December 31 of each year.

b. Circumstances Affecting Participation. Should any Participant have been employed for less than a full Award Year or cease to be in the Company's service for any reason prior to the end of the Award Year, neither the Participant nor, in the case of death or incompetency, such individual's personal representatives, heirs, executors, administrators or assigns shall be entitled to any distribution of a cash bonus award for the Award Year except and to such extent, if any, as the Plan Administrators and the Personnel and Compensation Committee of the Board shall determine to be fair and equitable.

6. Business Unit Performance Objectives.

a. Return on Investment ("ROI") Goals. Prior to the beginning of each Award Year, each Business Unit will establish ROI goals for the upcoming Award Year. ROI is generally defined as operating profit (pre-tax) return on average investment, and as may be more specifically defined by the Plan Administrators. Target returns will generally range from 20% to 25% for manufacturing Business Units and from 17.5% to 20% for non-manufacturing Business Units. The Plan Administrators shall determine the classification of each Business Unit as "manufacturing" or "non-manufacturing".

7. Company and Business Unit Performance Measurement.

a. Applicability. The Modified Target Bonus Opportunity for a Participant employed by a Business Unit will be determined solely by the Business Unit Performance Rating.

b. Business Unit Performance Factors. A Business Unit's Performance Rating for an Award Year is determined by the Plan Administrators' evaluation of the following Performance Factors:

1. Target - the degree to which the Business Unit's earnings forecast meets Kaman's ROI target returns;
2. Performance v. Forecast - actual performance measured against the Business Unit's own forecast;
3. Performance v. Target - actual performance compared to the ROI target returns;
4. Progress (Year to Year) - progress made each year compared to the prior year toward attaining or exceeding ROI target returns;
5. Other Factors - the degree to which the Business Unit has been affected by mitigating, non-financial factors that the Plan Administrators determine should be taken into consideration in evaluating overall performance, such as, but not limited to, undertaking a long-term capital investment program, the unique nature of the product, and the complexity of operations.

c. Business Unit Performance Rating; Application. The sum of the Performance Factors for each Business Unit will be expressed as a percentage (the "Business Unit Performance Rating") that, together with the weighting described in subsection (a) shall be applied to the Initial Target Bonus Opportunities of the Business Unit's Participants, in order to determine the Modified Target Bonus Opportunity for each such Participant.

d. Company Performance Rating; Application. The Company Performance Rating shall be the weighted average of the Business Unit Performance Ratings. The weighted average shall be determined with reference to Kaman's average investment in each Business Unit. The Company Performance Rating shall be expressed as a percentage that will be applied to the Initial Target Bonus Opportunities of the Kaman Participants in order to determine the Modified Target Bonus Opportunity for each such Participant.

#### 8. Participant Actual Cash Bonus Award Determinations.

a. The Modified Target Bonus Opportunity for each Participant shall be further modified, positively or negatively, to reflect the individual's performance. The Plan Administrators will evaluate each Participant's individual performance in consultation with his or her supervisory management and based thereon, shall make recommendations to the Personnel and Compensation Committee of the Board for Actual Cash Bonus Awards, which will approve or disapprove the recommendations based upon its review thereof. The Personnel and Compensation Committee will evaluate the performance of the Plan Administrators and



based thereon shall determine the Actual Cash Bonus Awards for those individuals. Final approval of all Actual Cash Bonus Awards shall be made by the Board.

9. Form, Method, and Timing of Payments.

a. All bonus awards are to be paid in cash (i.e., payroll check) no later than March 15 next following the end of the applicable Award Year.

10. General.

a. Amendment, Suspension or Termination. On the recommendation of the Plan Administrators and the Personnel and Compensation Committee of the Board, the Board may amend, suspend, or terminate the Bonus Plan, or any part thereof, at any time, provided however, that no amendment, suspension or termination shall apply to the payment to any Participant of an award made prior to the effective date of such amendment, suspension or termination.

b. Administration; Interpretation. The Plan Administrators shall be responsible for the interpretation and administration of the Bonus Plan, provided that the determination of the Personnel and Compensation Committee of the Board on any question concerning the interpretation or administration of the Bonus Plan, or with respect to the officers and employees participating or entitled to participate in the Bonus Plan, or as to any payment made or to be made pursuant thereto, shall be final and conclusive.

c. No Rights to Employment. The Bonus Plan does not confer upon any employee any right to payment of a cash bonus or any right to continued employment with Kaman or any Business Unit, nor does it interfere in any way with the right of Kaman or a Business Unit to terminate, or amend the terms of, the employment of any of its employees, at any time, in accordance with the "at will" employment relationship.

11. Effective Date.

The Effective Date of this Amendment and Restatement is September 21, 1999. This Amendment and Restatement shall apply to Award Years beginning on or after January 1, 1999.

FIRST AMENDMENT TO  
KAMAN CORPORATION  
CASH BONUS PLAN  
(Amended and Restated as of September 21, 1999)

The Kaman Corporation Cash Bonus Plan is hereby amended by a First Amendment. The Effective Date of this Amendment is November 14, 2000. This Amendment shall apply to Award Years beginning on or after January 1, 2000.

1. Paragraph c of Section 4 is amended by the deletion of the phrase "one and one-half times (150%)" and the substitution of the phrase "two times (200%)" in lieu thereof.

2. Section 7(d) (Company Performance Rating; Application) is hereby deleted in its entirety.

3. The following new Section 7A is added to the Plan, immediately following Section 7:

7A. Performance Objectives for Corporate Participants.

a. Applicability. The provisions of this Section 7A shall apply to Corporate Participants, i.e. Participants who are employed by Kaman, excluding any such employee whose principal responsibility is management of a Business Unit. Furthermore, the provisions of Sections 6 and 7 hereof shall not apply to Corporate Participants.

b. In General. The Modified Target Bonus Opportunity for Corporate Participants shall be calculated solely based upon the consolidated performance of the Company, using growth in earnings per share ("EPS Growth") and return on total capital ("ROI") as the financial performance goals. Financial performance is determined by comparing the EPS Growth and ROI performance of the Company for the applicable Award Year with comparable numbers for the Standard & Poor's 600 and the Russell 2000 indices averaged over the prior 5 year period. For example, for Award Year 2000, the numbers for the Company for EPS Growth and ROI will be compared to comparable numbers for EPS Growth and ROI for the Standard and Poor's 600 and the Russell 2000 indices averaged for 1995 - 1999. This Section 7A describes the approach to be followed in determining the Modified Target Bonus Opportunity for Corporate Participants. Without limiting the authority provided by Section 10(b), the Plan Administrators are authorized to prescribe reasonable rules of operation and to resolve any ambiguities or matters of interpretation, provided such rules and interpretations are consistent with the approach provided herein. Furthermore,

the Personnel and Compensation Committee is authorized to include or exclude special items in determining the Company's EPS Growth and/or ROI performance, provided that the approach taken is followed consistently from year to year.

c. EPS Growth. The EPS Growth for the Company for the Award Year will be calculated. Calculations of average EPS Growth for the S&P 600 and the Russell 2000 for the prior five (5) years shall also be made, and shall be averaged together, giving equal weight to both indices. Percentile rankings shall be developed. The Personnel and Compensation Committee shall establish percentages of initial target bonus opportunity earned for EPS Growth corresponding to the various percentile rankings. The percent of the initial target bonus opportunity earned for EPS Growth for an Award Year shall be determined by the Plan Administrators based upon the percentile ranking of the Company.

d. Return on Total Capital. The ROI for the Company for the Award Year will be calculated. Calculations of average ROI for the S&P 600 and the Russell 2000 for the prior five (5) years shall also be made, and shall be averaged together, giving equal weight to both indices. Percentile rankings shall be developed. The Personnel and Compensation Committee shall establish percentages of initial target bonus opportunity earned for ROI corresponding to the various percentile rankings. The percent of the initial target bonus opportunity earned for ROI for an Award Year shall be determined by the Plan Administrators based upon the percentile ranking of the Company.

e. Percentile Calculations. The percentile ranking of the Company must be at least 25th for EPS Growth in order to generate a percentage of initial target bonus opportunity earned for EPS Growth. The percentile ranking of the Company must be at least 25th for ROI in order to generate a percentage of initial target bonus opportunity earned for ROI. If the Company is in at least the 75th percentile for either category (EPS Growth or ROI), it will generate the maximum award with respect to that category. The Personnel and Compensation Committee may, but shall not be required to, extend the maximum award earned for either EPS Growth or ROI, from 100% to a larger percentage. In making calculations and determinations hereunder, in no event will the 25th percentile for EPS Growth or ROI for either the S&P 600 5 year average or the Russell 2000 5 year average be considered to be less than zero.

f. Computation of Modified Target Bonus Opportunity.  
The percentages of initial target bonus opportunity earned for EPS Growth and ROI, determined in accordance with the foregoing, shall be added together. This combined percentage may be greater than 100%. This combined percentage, when multiplied by a Corporate Participant's initial target bonus opportunity, shall equal the Corporate Participant's Modified Target Bonus Opportunity.

4. Except as modified and amended by this document, the Kaman Corporation Cash Bonus Plan shall remain in full force and effect.

IN WITNESS WHEREOF, Kaman Corporation hereby executes this Amendment as of the 14th day of November, 2000.

ATTEST:

KAMAN CORPORATION

By

Its



EXHIBIT 11  
KAMAN CORPORATION AND SUBSIDIARIES  
EARNINGS PER COMMON SHARE COMPUTATION

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

Five-Year Selected Financial Data  
Kaman Corporation and Subsidiaries  
(In thousands except per share amounts, shareholders and employees)

	2000 ----	1999 ----	1998 ----	1997 ----	1996 ----
<b>OPERATIONS:</b>					
Revenues	\$1,032,326	\$ 997,177	\$1,018,589	\$1,056,289	\$ 964,548
Cost of sales	774,264	751,291*	756,057	801,088	721,088
Selling, general and administrative expense	202,319	201,807	210,969	207,120	192,058
Restructuring costs	(1,680)	4,132	--	--	--
Operating income	57,423	39,947	51,563	48,081	51,402
Net gain on sale of businesses	--	--	--	80,351	--
Interest expense (income), net	(1,660)	(1,614)	(353)	7,894	10,023
Other expense, net	1,363	1,088	1,558	234	702
Earnings before income taxes	57,720	40,473	50,358	120,304	40,677
Income taxes	20,800	15,400	20,350	49,800	17,100
Net earnings	36,920	25,073	30,008	70,504	23,577
<b>FINANCIAL POSITION:</b>					
Current assets	\$ 482,000	\$ 460,111	\$ 516,504	\$ 535,304	\$ 434,131
Current liabilities	173,342	168,374	228,975	259,525	195,638
Working capital	308,658	291,737	287,529	275,779	238,493
Property, plant and equipment, net	63,705	64,332	65,773	57,625	76,393
Total assets	553,830	534,203	587,230	598,161	521,736
Long-term debt	24,886	26,546	28,206	29,867	83,940
Shareholders' equity	332,046	316,377	309,494	290,010	228,130
<b>PER SHARE AMOUNTS:</b>					
Net earnings per common share					
- basic	\$ 1.61	\$ 1.07	\$ 1.28	\$ 3.53	\$ 1.07
Net earnings per common share					
- diluted	1.57	1.05	1.23	2.86	1.00
Dividends declared					
- Series 2 preferred stock	--	--	--	13.00	13.00
Dividends declared					
- common stock	.44	.44	.44	.44	.44
Shareholders' equity					
- common stock	14.92	13.68	13.07	12.25	9.13
Market price range	17.75 8.77	16.13 10.06	20.38 13.00	20.38 12.00	13.38 9.38

Page 1

Five-Year Selected Financial Data  
Kaman Corporation and Subsidiaries  
(In thousands except per share amounts, shareholders and employees)

	2000 ----	1999 ----	1998 ----	1997 ----	1996 ----
<b>AVERAGE COMMON SHARES OUTSTANDING:</b>					
Basic	22,936	23,468	23,407	18,941	18,607
Diluted	24,168	24,810	25,235	25,108	24,709
<b>GENERAL STATISTICS:</b>					
Registered shareholders	6,136	6,522	6,921	7,291	7,632
Employees	3,825	4,016	4,276	4,318	5,476
	=====	=====	=====	=====	=====

\* Cost of sales for 1999 includes the write-off of inventory of \$8,250 associated with the charge taken in the Industrial Distribution segment.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
Kaman Corporation and Subsidiaries

RESULTS OF OPERATIONS

Consolidated revenues were approximately \$1.0 billion for 2000, 1999, and 1998. Each of the corporation's business segments had increased revenues for 2000. In the Aerospace segment, helicopter programs and the aircraft structures and components business were significant revenue contributors.

Results for 1999 compared to 1998 reflect the Aerospace segment's ongoing performance of Australia and New Zealand SH-2G contracts, offset by lower revenues in the K-MAX(Registered Trademark) helicopter program and in the aerospace structures and components business. Results for 1998 reflect the first full year of performance for the Australia and New Zealand SH-2G programs.

Aerospace segment net sales increased 2.7% in 2000 compared to a decrease of 2.9% in 1999 and an increase of 33% in 1998.

The Aerospace segment's programs include the SH-2G multi-mission naval helicopter and the K-MAX medium-to-heavy lift helicopter (which together currently constitute about 60% of segment sales), aircraft structures subcontract work, and the manufacture of components such as self-lubricating bearings and driveline couplings for aircraft applications (currently about 30% of segment sales) and advanced technology products (currently about 10% of segment sales).

The SH-2G helicopter program (which constitutes the primary component of the segment's total helicopter program sales) generally involves retrofit of the corporation's SH-2F helicopters, previously manufactured for the U.S. Navy (and in storage) to the SH-2G configuration. The corporation is currently performing this work under commercial contracts with the governments of Australia and New Zealand.

The program for New Zealand involves five (5) aircraft, and support, for the Royal New Zealand Navy. The contract has an anticipated value of \$180 million (US), of which about 84% has now been recorded as revenue. Deliveries are scheduled to begin during the first quarter of 2001.

The program for Australia involves eleven (11) helicopters with support, including a support services facility, for the Royal Australian Navy. The total contract has an anticipated value of about \$680 million (US). The helicopter production portion of the

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
Kaman Corporation and Subsidiaries

work is valued at \$559 million and about 75% of that amount has now been recorded as revenue. The SH-2G(A) helicopter for Australia will contain an integrated tactical avionics system ("ITAS") that will provide the most sophisticated, integrated cockpit and weapons system available in an intermediate-weight helicopter. Litton Guidance and Control Systems, a division of Litton Systems, Inc. and Litton Industries, Inc., has been a major subcontractor for both the Australia and New Zealand programs, being responsible for providing avionics system hardware and integration software. In addition, Litton has been the designer and integrator of the ITAS system specific to the Australia program. Litton had stated that it was incurring additional costs to perform its fixed price contract with the corporation for the Australia program and submitted claims for such costs to the corporation during 2000. The corporation's evaluation of the matter was different from Litton's and the corporation had, in turn, submitted claims to Litton. In an effort to resolve the entire matter, the parties conducted a mediation in early February 2001. As a result of that process, the parties arrived at an agreement in principle, under which the corporation will make certain milestone payments to Litton as it completes work on hardware and certain software contemplated under the fixed price contract and Litton will release its claims against the corporation. In return, Litton will transfer to the corporation a software integration laboratory, software and intellectual property rights and the corporation will release its claims against Litton. In addition, upon performance of the items described above, Litton's significant project responsibilities for the Australia program will end and the corporation will assume responsibility for several remaining elements of the project. Management has already begun to work with identified subcontractors (who must be acceptable to the Australian government) to negotiate contracts to perform those elements. As these contracts are developed, the overall impact of resolution of the Litton matter upon costs and profitability for the Australia program will become better understood. There will be a delay in delivery of the full ITAS system to the Australian government, although deliveries of helicopters without the full ITAS system are scheduled to begin in the first quarter of 2001 and the corporation is working with the Royal Australian Navy to coordinate these deliveries.

The corporation continues to provide on-site support in the Republic of Egypt for ten (10) SH-2G helicopters that were delivered in 1998 under that country's foreign military sale agreement with the U.S. Navy.

Management expects that as deliveries to New Zealand and Australia occur, revenues from SH-2G helicopter programs will decrease in 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

Kaman Corporation and Subsidiaries

The corporation continues its marketing program to build and enhance familiarization with the SH-2G's capabilities among various governments around the world. This market is highly competitive, takes time to develop, and is influenced by economic and political conditions. The corporation continues to actively pursue this business, including possible further orders from current customers.

The SH-2 is an aircraft that was originally manufactured for the United States Navy. This is no longer done, however the U.S. Naval Reserve currently maintains five (5) SH-2G aircraft active in its fleet. While these aircraft remain in service, the corporation will continue providing logistics and spare parts support for the aircraft. The corporation has taken a consignment of the U.S. Navy's inventory of SH-2 spare parts and has executed a longer term agreement with the Department of the Navy. The overall objective is for the corporation to provide further support of U.S. Naval Reserve requirements while having the ability to utilize certain inventory for support of the corporation's other SH-2 programs.

During 2000, the corporation sold four (4) K-MAX helicopters to commercial customers operating in the U.S., Europe and Taiwan, principally for logging and construction. In December, the corporation was awarded a \$21 million contract from the U.S. State Department for the purchase of five (5) K-MAX helicopters, equipment and spare parts to be used in Peru in support of anti-drug efforts. The corporation recognized revenue from two (2) of these aircraft in 2000 and the contract is expected to be completed during the second quarter of 2001. The corporation continues its efforts to refocus sales development on global market opportunities in industry and government, including oil and gas exploration, power line and other utility construction, fire fighting, law enforcement, and the movement of equipment. The K-MAX program, which began in late 1994, has experienced significant market difficulties during the past few years, due in part to conditions in the commercial logging industry, the aircraft's principal application to date. Overall, management expects that successful sales development as well as profitability for the entire program will take some time to achieve.

The Aerospace segment also performs subcontract work for certain aerospace manufacturing programs and manufactures various components, including self-lubricating bearings for use principally in aircraft. Although the segment experienced some softness in the market during the year, there are signs that the commercial aircraft market is strengthening. The corporation has been pursuing opportunities and won several significant contracts during 2000. Specifically, MD Helicopters selected the corporation to supply fuselages for its entire line of single-engine helicopters,

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

Kaman Corporation and Subsidiaries

including the MD600N, MD520N, MD530F and MD500E helicopters. This multi-year program has an estimated potential value of \$100 million. MD Helicopters also selected the corporation to supply composite rotor systems for its MD Explorer helicopter under a multi-year contract with an estimated potential value, including options, of \$75 million. Boeing, an important customer of the segment, awarded the corporation a three-year follow-on contract to supply structural parts for Boeing's line of commercial aircraft, including fixed trailing edge kits for Boeing 777 and 767 aircraft and other parts and subassemblies for those aircraft as well as the 737, 747 and 757 aircraft. The Boeing contract has an estimated potential value of \$98 million and contains a three-year option.

The Aerospace segment also produces advanced technology products, including missile fuzing devices, precision measuring systems, electromagnetic motors and electro-optic devices. During 2000, the corporation was chosen by Litton Ingalls Shipbuilding as part of a Newport News Shipbuilding-led team to begin preliminary design of electric propulsion motors and drive electronics in an industry competition for the U.S. Navy's proposed next-generation DD-21 destroyer.

The Aerospace segment is continuing to implement lean-thinking strategies throughout the organization in order to further enhance efficiency and reduce costs.

Industrial Distribution segment net sales increased 3.1% in 2000, decreased 1.8% in 1999, and increased 5.3% in 1998. In 2000, the segment benefited from healthy market conditions and the internal initiatives implemented early in the year in order to increase efficiency and service to customers. These initiatives included consolidation of branch operations, a reorganization of its sales, marketing and field management structure, and enhanced inventory controls. Since the segment's customers include nearly every sector of U.S. industry, this business tends to be influenced by industrial production levels. Sales in the fourth quarter of 2000 were affected by weakness in industrial production levels and management is closely monitoring the economic situation.

During 2000, the Industrial Distribution segment implemented its Internet e-Commerce site which contains a complete catalog of product offerings (with more than one million industrial products) and provides an important new channel for both current and new customers to transact business with the segment.

Music Distribution segment net sales increased 8.6% in 2000, and decreased by 1.4% in 1999 and 9.5% in 1998. Results in 2000 reflect improvement in domestic markets and some increase in demand internationally. The segment is working to improve its market share for existing brands and is adding products that meet the needs

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
Kaman Corporation and Subsidiaries

of its dealer base. During 2000, the segment was selected by Fred Gretsch Enterprises to assume global sales and marketing responsibility for Gretsch(Registered Trademark) brand professional quality drum products, a business that complements the segment's current drum set offerings.

Total operating profit in 2000 for all the corporation's business segments was \$74.6 million compared to \$52.6 million for 1999, due to good earnings performance on the part of each business segment and to some degree a pretax charge described below relating to the Industrial Distribution segment. Total operating profit for all the corporation's business segments in 1998 was \$67.2 million.

Operating profit for the Aerospace segment in 2000 was \$44.2 million compared to \$44.0 million for 1999, the SH-2G helicopter programs and aircraft structures and components business being the primary contributors. This performance was offset by a loss in the K-MAX program which continues to require investment for technical work and market development. Also included in operating profit for 1999 was a reversal of a reserve in the amount of \$2.5 million that was associated with the Raymond Engineering (now part of Kaman Aerospace) operation. Operating profit for the Industrial Distribution segment in 2000 was \$22.9 million compared to \$2.9 million in 1999, due to healthy market conditions during most of the year and internal initiatives undertaken early in the year to improve efficiency and service to customers. The 1999 performance reflects market weakness in several important customer industries and a \$12.4 million pretax charge taken in the fourth quarter of that year as a result of a reorganization of operations, including a closure of certain facilities and the write-off of excess inventory. Of the charge, \$1.7 million was unused and added back to operating profit for 2000. Operating profit for the Music Distribution segment in 2000 was \$7.4 million compared to \$5.6 million a year ago, due to improvements in domestic and international markets and improved productivity.

Total operating profit in 1999, for all the corporation's business segments was down 21.8% compared to 1998, due primarily to the pretax charge in the Industrial Distribution segment described above. Operating profit for the Aerospace segment increased 1.7% for 1999, primarily due to the SH-2G helicopter programs and the aircraft structures and components business, offset by losses in the K-MAX program which continued to require investment for technical work and market development and by continuing

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

Kaman Corporation and Subsidiaries

difficulties in the segment's electromagnetics business in developing new markets for niche market products (this operation was merged with Kaman Aerospace during 1999). Also included in operating profit for 1999 was the \$2.5 million reserve reversal attributable to Raymond Engineering. Operating profit for the Industrial Distribution segment was down 84.3% for 1999, primarily due to the pretax charge noted above and to weakness in certain customer industries. Operating profit for the Music Distribution segment was up 5.9% for 1999, primarily due to the domestic market, which is the larger market for this business.

Net earnings for 2000 were \$36.9 million compared to \$25.1 million in 1999 and \$30.0 million in 1998. Net earnings per common share were \$1.57 per diluted share in 2000 compared to \$1.05 per diluted share in 1999. Net earnings for 2000 were affected positively by the add-back of \$1.7 million of the 1999 charge in the Industrial Distribution segment that was unused. Net earnings for 1999 were affected positively by the reversal of a \$2.5 million reserve in the Aerospace segment, described above, and negatively by the \$12.4 million charge in the Industrial Distribution segment which is also described above.

Net earnings for 1999 were \$25.1 million compared to \$30.0 million in 1998. Net earnings per common share for 1999 were \$1.05 on a diluted basis compared to \$1.23 for 1998. Net earnings for 1999 were impacted by the circumstances described in the previous paragraph. Excluding these adjustments, net earnings per common share increased to \$1.31 on a diluted basis compared to \$1.23 per share in 1998.

For the years ended December 31, 2000 and December 31, 1999, interest income earned from investment of cash more than offset interest expense. For 1998, interest expense decreased almost 68%, primarily due to the application of a substantial portion of advance payments received for the Australia and New Zealand SH-2G helicopter programs and a portion of the proceeds from the sale of the Scientific Services segment to pay bank debt.

The consolidated effective income tax rate was 36.0% for 2000, 38.1% for 1999, and 40.4% for 1998. The decrease in effective income tax rates is due to the reversal of prior years' tax accruals as a result of the corporation's ongoing assessment of its open tax years and lower effective state income tax rates.

Effective December 31, 2000, the corporation adopted Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." Therefore, freight charged to customers in the Industrial Distribution and Music Distribution segments is now included in sales rather than as an offset to freight expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
Kaman Corporation and Subsidiaries

Specifically, \$14.0 million is included in sales for 2000 and prior year amounts in these segments have been restated to conform to the current presentation (\$12.9 million in 1999 and \$12.6 million in 1998).

In June, 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The effective date of SFAS 133 was deferred one year by SFAS 137 which was issued in 1999. As a result, the corporation adopted the Standard effective January 1, 2001. Given the corporation's minimal use of derivatives, initial adoption of the Standard did not have a material impact on the corporation's financial position or results of operations.

LIQUIDITY AND CAPITAL RESOURCES

The corporation's cash flow from operations has generally been sufficient to finance a significant portion of its working capital and other capital requirements.

For calendar year 2000, operating activities provided cash in the amount of \$8.4 million. Such activities were significantly impacted by increases in accounts receivable for the Aerospace segment's SH-2G helicopter programs. Increases in accounts payable in the Aerospace and Music Distribution businesses offset this impact to some degree. For the year, cash used in investing activities was for items such as acquisition of machinery and computer equipment used in manufacturing and distribution. Cash used in financing activities was primarily attributable to the payment of dividends to common shareholders, repurchase of Class A common stock pursuant to a repurchase program for use in administration of the corporation's stock plans and general corporate purposes, and the sinking fund requirement for the corporation's debentures (described below).

The corporation had approximately \$48.2 million in cash and cash equivalents at December 31, 2000 with an average balance of \$59.3 million for the year. These funds have been invested in high quality, short-term instruments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

Kaman Corporation and Subsidiaries

For calendar year 1999, operating activities provided cash in the amount of \$42.5 million. In the Aerospace segment this is primarily a result of earnings from operations together with the receipt of additional payments on accounts receivable, offset to some extent by growth in K-MAX inventories, payments on accounts payable, and ongoing reductions in the advances on the SH-2G contracts. In the Industrial Distribution segment, this result largely reflects reductions in inventories. For 1999, cash used in investing activities was primarily for the acquisition of machinery and computer equipment used in manufacturing and distribution. In addition, cash used by financing activities was primarily attributable to the payment of dividends to common shareholders and repurchase of Class A common stock pursuant to a repurchase program for use in administration of the corporation's stock plans and general corporate purposes, and the sinking fund requirement for the corporation's debentures (described below).

For calendar year 1998, operating activities used cash in the amount of \$16.4 million, principally due to increases in accounts receivable and inventories in the Aerospace segment and payment of taxes due on the Scientific Services segment sale that occurred in 1997, offset by increases in accounts payable in the Aerospace segment. During the year, cash used in investing activities was for items such as acquisition of machinery and computer equipment used in manufacturing and distribution, while cash provided by investing activities consisted principally of a post-closing adjustment to the purchase price of the Scientific Services segment. Cash used in financing activities was primarily attributable to the repayment of debt, the payment of dividends to common shareholders, and repurchase of Class A common stock pursuant to a repurchase program for use in connection with administration of the corporation's stock plans and general corporate purposes, and the sinking fund requirement for the corporation's debentures (described below).

At December 31, 2000, the corporation had \$26.5 million of its 6% convertible subordinated debentures outstanding. The debentures are convertible into shares of Class A common stock at any time on or before March 15, 2012 at a conversion price of \$23.36 per share, generally at the option of the holder. Pursuant to a sinking fund requirement that began March 15, 1997, the corporation redeems approximately \$1.7 million of the outstanding principal of the debentures each year.

In February, 2000, the corporation's board of directors approved a replenishment of the corporation's stock repurchase program, providing for repurchase of an additional 1.4 million Class A common shares for use in administration of the corporation's stock plans and for general corporate purposes. In November, 2000, the corporation's board of directors approved



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

Kaman Corporation and Subsidiaries

another replenishment of the stock repurchase program, providing for the repurchase of an aggregate of 1.4 million Class A common shares for the same purposes. Approximately 1.1 million shares were repurchased during 2000.

In November, 2000, the corporation entered into a new revolving credit agreement to replace the agreement that was scheduled to expire in January 2001. The new agreement involves eight financial institutions, many of whom were participants in the prior agreement and is suited to the corporation's projected borrowing needs. The new agreement has a maximum unsecured line of credit of \$225 million which consists of a \$150 million commitment for five (5) years and a \$75 million commitment under a "364 day" arrangement which is renewable annually for an additional 364 days. The most restrictive of the covenants contained in the new agreement requires the corporation to have EBITDA, as defined, at least equal to 300% of interest expense and a ratio of consolidated total indebtedness to total capitalization of not more than 55%.

Letters of credit are generally considered borrowings for purposes of the new revolving credit agreement as they were under the prior agreement. The governments of Australia and New Zealand made advance payments of \$104.3 million in connection with their SH-2G contracts in 1997 and those payments were fully secured by the corporation through the issuance of irrevocable letters of credit. At present, the face amount of these letters of credit has been reduced to \$41.2 million in accordance with the terms of the relevant contracts. Further reductions are anticipated as certain contract milestones are achieved.

For 2000, average bank borrowings were \$2.3 million, compared to \$3.3 million for 1999 and 1998.

As of December 23, 1997, 95,106 shares of the Corporation's Series 2 preferred stock were converted to Class A common stock pursuant to a call for partial redemption issued on November 20, 1997. During the first quarter of 1998, pursuant to another redemption call, the corporation completed the process of converting virtually all of its Series 2 preferred stock to Class A common stock with an immaterial number of Series 2 preferred shares being redeemed by the corporation and settled in cash.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS  
Kaman Corporation and Subsidiaries

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

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information relating to the corporation's business and prospects, including the SH-2G and K-MAX helicopter programs, aircraft structures and components, the industrial and music distribution 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) political developments in countries where the corporation intends to do business; 2) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 3) economic and competitive conditions in markets served by the corporation, including industry consolidation in the United States and global economic conditions; 4) timing of satisfactory completion of the Australian SH-2G(A) program; 5) the timing, degree and scope of market acceptance for products such as a repetitive lift helicopter; 6) U.S. industrial production levels; 7) currency exchange rates, taxes, laws and regulations, inflation rates, general business conditions and other factors. Any forward-looking information should be considered with these factors in mind.

SELECTED QUARTERLY FINANCIAL DATA  
Kaman Corporation and Subsidiaries  
(In thousands except per share amounts)

	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total Year -----
NET SALES:					
2000	\$263,204	\$259,610	\$255,160	\$253,260	\$1,031,234
1999	252,734	249,483	245,247	247,940	995,404
GROSS PROFIT:					
2000	\$ 64,452	\$ 63,482	\$ 63,620	\$ 65,416	\$ 256,970
1999	64,288	63,225	62,155	54,445	244,113
NET EARNINGS:					
2000	\$ 8,556	\$ 9,271	\$ 9,535	\$ 9,558	\$ 36,920
1999	7,273	8,031	8,197	1,572	25,073
PER COMMON SHARE					
- - BASIC:					
2000	\$ .37	\$ .40	\$ .41	\$ .43	\$ 1.61
1999	.31	.34	.35	.07	1.07
PER COMMON SHARE					
- - DILUTED:					
2000	\$ .36	\$ .39	\$ .40	\$ .42	\$ 1.57
1999	.30	.33	.34	.07	1.05
	=====	=====	=====	=====	=====

The quarterly per common share-diluted amounts for 1999 do not equal the "Total Year" figure due to the calculation being anti-dilutive in the fourth quarter.

CONSOLIDATED BALANCE SHEETS  
Kaman Corporation and Subsidiaries  
(In thousands except share and per share amounts)

December 31 - - - - -	2000 - - - -	1999 - - - -
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 48,157	\$ 76,249
Accounts receivable	212,374	156,173
Inventories	196,148	199,731
Deferred income taxes	18,550	21,100
Other current assets	6,771	6,858
	- - - - -	- - - - -
Total current assets	482,000	460,111
	- - - - -	- - - - -
PROPERTY, PLANT AND EQUIPMENT, NET	63,705	64,332
OTHER ASSETS	8,125	9,760
	- - - - -	- - - - -
TOTAL ASSETS	\$ 553,830	\$ 534,203
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	\$ 2,060	\$ 2,854
Current portion of long-term debt	1,660	1,660
Accounts payable - trade	58,057	48,760
Accrued salaries and wages	9,824	9,778
Accrued vacations	5,954	6,069
Advances on contracts	41,905	50,243
Other accruals and payables	49,766	45,073
Income taxes payable	4,116	3,937
	- - - - -	- - - - -
Total current liabilities	173,342	168,374
	- - - - -	- - - - -
DEFERRED CREDITS	23,556	22,906
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	24,886	26,546

CONSOLIDATED BALANCE SHEETS  
Kaman Corporation and Subsidiaries  
(In thousands except share and per share amounts)

December 31	2000	1999
- - - - -	- - - -	- - - -
SHAREHOLDERS' EQUITY:		
Capital stock, \$1 par value per share:		
Preferred stock, authorized		
700,000 shares:		
Series 2 preferred stock,		
6 1/2% cumulative convertible,		
authorized 500,000 shares,		
none outstanding	--	--
Common stock:		
Class A, authorized 48,500,000		
shares, nonvoting; \$.10 per		
common share dividend preference;		
issued 23,066,260 shares in 2000		
and 1999	23,066	23,066
Class B, authorized 1,500,000		
shares, voting; issued 667,814		
shares in 2000 and 1999	668	668
Additional paid-in capital	77,298	78,422
Retained earnings	251,526	224,702
Unamortized restricted stock awards	(1,643)	(1,944)
Accumulated other comprehensive		
income (loss)	(749)	(625)
	-----	-----
	350,166	324,289
Less 1,485,427 shares and 608,858		
shares of Class A common stock in		
2000 and 1999, respectively, held		
in treasury, at cost	(18,120)	(7,912)
	-----	-----
Total shareholders' equity	332,046	316,377
	-----	-----
TOTAL LIABILITIES AND		
SHAREHOLDERS' EQUITY	\$ 553,830	\$ 534,203
	=====	=====

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 - - - - -	2000 -----	1999 -----	1998 -----
REVENUES:			
Net sales	\$1,031,234	\$ 995,404	\$1,017,124
Other	1,092	1,773	1,465
	-----	-----	-----
	1,032,326	997,177	1,018,589
	-----	-----	-----
COSTS AND EXPENSES:			
Cost of sales*	774,264	751,291	756,057
Selling, general and administrative expense	202,319	201,807	210,969
Restructuring costs	(1,680)	4,132	--
Interest expense (income), net	(1,660)	(1,614)	(353)
Other expense, net	1,363	1,088	1,558
	-----	-----	-----
	974,606	956,704	968,231
	-----	-----	-----
EARNINGS BEFORE INCOME TAXES	57,720	40,473	50,358
INCOME TAXES	20,800	15,400	20,350
	-----	-----	-----
NET EARNINGS	\$ 36,920	\$ 25,073	\$ 30,008
	=====	=====	=====
PER SHARE:			
Net earnings per common share:			
Basic	\$ 1.61	\$ 1.07	\$ 1.28
Diluted	1.57	1.05	1.23
Dividends declared - common stock	.44	.44	.44
	=====	=====	=====

\* Cost of sales for 1999 includes the write-off of inventory of \$8,250 associated with the charge taken in the Industrial Distribution segment.

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 - - - - -	2000 ----	1999 ----	1998 ----
SERIES 2 PREFERRED STOCK:			
Balance - beginning of year	\$ --	\$ --	\$ 37,691
Shares converted	--	--	(37,691)
	-----	-----	-----
Balance - end of year	--	--	--
	-----	-----	-----
CLASS A COMMON STOCK:			
Balance - beginning of year	23,066	23,066	19,936
Shares issued upon conversion	--	--	3,000
Shares issued - other	--	--	130
	-----	-----	-----
Balance - end of year	23,066	23,066	23,066
	-----	-----	-----
CLASS B COMMON STOCK	668	668	668
	-----	-----	-----
ADDITIONAL PAID-IN CAPITAL:			
Balance - beginning of year	78,422	78,899	42,876
Conversion of Series 2 preferred stock	--	--	34,691
Employee stock plans	(897)	(463)	318
Restricted stock awards	(227)	(14)	1,014
	-----	-----	-----
Balance - end of year	77,298	78,422	78,899
	-----	-----	-----
RETAINED EARNINGS:			
Balance - beginning of year	224,702	209,920	190,336
Net earnings	36,920	25,073	30,008
Dividends declared - common stock	(10,096)	(10,291)	(10,424)
	-----	-----	-----
Balance - end of year	251,526	224,702	209,920
	-----	-----	-----
UNAMORTIZED RESTRICTED STOCK AWARDS:			
Balance - beginning of year	(1,944)	(1,500)	(1,147)
Stock awards issued	(516)	(1,288)	(949)
Amortization of stock awards	817	844	596
	-----	-----	-----
Balance - end of year	(1,643)	(1,944)	(1,500)
	-----	-----	-----

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
Kaman Corporation and Subsidiaries  
(In thousands except share amounts)

Year ended December 31 - - - - -	2000 ----	1999 ----	1998 ----
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) :			
Balance - beginning of year	(625)	(774)	(320)
Foreign currency translation adjustment*	(124)	149	(220)
Reclassification adjustment	--	--	(234)
	-----	-----	-----
Balance - end of year	(749)	(625)	(774)
	-----	-----	-----
TREASURY STOCK:			
Balance - beginning of year	(7,912)	(785)	(30)
Shares acquired in 2000 - 1,126,888; 1999 - 802,721; 1998 - 131,462	(13,660)	(10,596)	(2,212)
Shares reissued under various stock plans	3,452	3,469	1,457
	-----	-----	-----
Balance - end of year	(18,120)	(7,912)	(785)
	-----	-----	-----
TOTAL SHAREHOLDERS' EQUITY	\$ 332,046	\$ 316,377	\$ 309,494
	=====	=====	=====

\* Comprehensive income is \$36,796, \$25,222 and \$29,788 for 2000, 1999, and 1998, respectively.

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 -----	2000 ----	1999 ----	1998 ----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	\$ 36,920	\$ 25,073	\$ 30,008
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:			
Depreciation and amortization	11,630	11,998	11,068
Restructuring costs	(1,680)	4,132	--
Deferred income taxes	(75)	(800)	200
Other, net	6,551	3,690	2,805
Changes in current assets and liabilities, net of effects of businesses sold:			
Accounts receivable	(56,201)	52,077	(21,974)
Inventories*	3,583	8,166	(8,412)
Other current assets	87	2,591	768
Accounts payable - trade	9,297	(2,811)	6,307
Advances on contracts	(8,338)	(51,133)	(3,347)
Accrued expenses and payables	6,400	(8,449)	(3,054)
Income taxes payable	179	(1,992)	(30,799)
	-----	-----	-----
Cash provided by (used in) operating activities	8,353	42,542	(16,430)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of businesses and other assets	56	538	5,642
Expenditures for property, plant and equipment	(11,044)	(10,964)	(19,184)
Other, net	(963)	194	(478)
	-----	-----	-----
Cash provided by (used in) investing activities	(11,951)	(10,232)	(14,020)
	-----	-----	-----

CONSOLIDATED STATEMENTS OF CASH FLOWS  
Kaman Corporation and Subsidiaries  
(In thousands except share amounts)

Year ended December 31 - - - - -	2000 ----	1999 ----	1998 ----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Changes in notes payable	(794)	(287)	(2,406)
Reduction of long-term debt	(1,660)	(1,660)	(1,661)
Proceeds from exercise of employee stock plans	1,813	1,704	1,970
Purchases of treasury stock	(13,660)	(10,596)	(2,212)
Dividends paid - common stock	(10,193)	(10,352)	(10,085)
	-----	-----	-----
Cash provided by (used in) financing activities	(24,494)	(21,191)	(14,394)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,092)	11,119	(44,844)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	76,249	65,130	109,974
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 48,157	\$ 76,249	\$ 65,130
	=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:

During 1998, holders of the corporation's Series 2 preferred stock converted 188,456 shares into 3,000,174 shares of Class A common stock.

\* The change in inventories for 1999 includes the write-off of inventory of \$8,250 associated with the charge taken in the Industrial Distribution segment.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Property, Plant and Equipment - Depreciation of property, plant and equipment is computed primarily on a straight-line basis over the estimated useful lives of the assets. At the time of retirement or disposal, the acquisition cost of the asset and related accumulated

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

depreciation are eliminated and any gain or loss is credited or charged against income.

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

Research and Development - Research and development costs not specifically covered by contracts are charged against income as incurred. Such costs amounted to \$5,463 in 2000, \$4,877 in 1999, and \$8,534 in 1998.

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.

Recent Accounting Pronouncements - Effective December 31, 2000, the corporation adopted Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." Therefore, freight charged to customers in the Industrial Distribution and Music Distribution segments is now included in sales rather than as an offset to freight expense. Freight charged to customers was \$14,036, \$12,944 and \$12,583 for 2000, 1999 and 1998, respectively. In addition, any freight expense previously recorded as part of selling, general and administrative expenses has been reclassified to cost of sales. All prior amounts have been restated to conform to the current presentation.

#### RESTRUCTURING COSTS

In connection with the Industrial Distribution segment's initiatives to streamline operational structure and increase efficiency, the segment took a pretax charge of \$12,382 (\$7,670 after taxes or \$.32 per share diluted) in the fourth quarter of 1999. The costs associated with the reorganization of operations, consolidation of branches and the closure of other facilities totaled \$4,132. The write-off of excess inventory totaled \$8,250 and is included in cost of sales.

Of the total restructuring charge, approximately \$1,300 related to severance costs for approximately 65 branch operations and regional management employees that the segment expected to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

separate from service in 2000. The remaining balance of the restructuring charge related to costs to close down 10 branches and three other facilities in 2000.

In the fourth quarter of 2000, the segment determined that the cost for severance and facilities would be \$1,680 lower than originally planned and as a result, the segment recorded a favorable change in estimate of that amount. The reduction in severance costs of \$686 is principally due to certain employees transferring to other positions within the segment, which decreased the number of people separated from service to 47. The reduction in facilities costs of \$994 is the result of favorable lease terminations and more rapid exit from the various locations.

ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

December 31 - - - - -	2000 ----	1999 ----
Trade receivables, net of allowance for doubtful accounts of \$4,636 in 2000, \$4,519 in 1999	\$ 72,248	\$75,377
U.S. Government contracts:		
Billed	6,996	9,938
Recoverable costs and accrued profit - not billed	22,954	24,611
Commercial and other government contracts:		
Billed	33,510	20,419
Recoverable costs and accrued profit - not billed	76,666	25,828
	-----	-----
Total	\$212,374	\$156,173
	=====	=====

Recoverable costs and accrued profit - not billed represent costs incurred on contracts which will become billable upon future deliveries, achievement of specific contract milestones or completion of engineering and service type contracts. Management estimates that approximately \$1,328 of such costs and accrued profits at December 31, 2000 will be collected after one year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

INVENTORIES

Inventories are comprised as follows:

December 31 - - - - -	2000 ----	1999 ----
Merchandise for resale	\$ 88,640	\$ 89,184
Contracts in process:		
U.S. Government	3,723	4,951
Commercial	10,312	7,844
Other work in process (including certain general stock materials)	51,883	39,192
Finished goods	41,590	58,560
	-----	-----
Total	\$196,148	\$199,731
	=====	=====

Included above in other work in process and finished goods at December 31, 2000 and 1999 is K-MAX inventory of \$78,638 and \$87,384, respectively.

The aggregate amounts of general and administrative costs allocated to contracts in process during 2000, 1999 and 1998 were \$53,387, \$49,752, and \$55,178, respectively.

The estimated amounts of general and administrative costs remaining in contracts in process at December 31, 2000 and 1999 amount to \$2,115, and \$1,138, respectively, and are based on the ratio of such allocated costs to total costs incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

PROPERTY, PLANT AND EQUIPMENT, NET

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

December 31 - - - - -	2000 ----	1999 ----
Land	\$ 6,230	\$ 6,212
Buildings	34,637	34,640
Leasehold improvements	14,979	13,605
Machinery, office furniture and equipment	115,049	112,297
	-----	-----
Total	170,895	166,754
Less accumulated depreciation and amortization	107,190	102,422
	-----	-----
Property, plant and equipment, net	\$ 63,705 =====	\$ 64,332 =====

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

Revolving Credit Agreement - On November 13, 2000, the corporation entered into a new revolving credit agreement with several banks to replace its then existing revolving credit agreement. The new agreement has a maximum unsecured line of credit of \$225,000 which consists of a \$150,000 commitment expiring in November 2005 and a \$75,000 commitment under a "364 Day" arrangement which is renewable annually for an additional 364 days. Outstanding letters of credit at November 13, 2000, were transferred to the new revolving credit agreement at that time and are also considered to be indebtedness under the new agreement.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

Short-term borrowings outstanding are as follows:

December 31 - - - - -	2000 ----	1999 ----
Revolving credit agreement	\$ --	\$ --
Other credit arrangements	2,060	2,854
	-----	-----
Total	\$2,060	\$2,854
	=====	=====

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

December 31 - - - - -	2000 ----	1999 ----
Revolving credit agreement	\$ --	\$ --
Convertible subordinated debentures	26,546	28,206
	-----	-----
Total	26,546	28,206
Less current portion	1,660	1,660
	-----	-----
Total excluding current portion	\$24,886	\$26,546
	=====	=====

Restrictive Covenants - The most restrictive of the covenants contained in the new revolving credit agreement requires the corporation to have EBITDA, as defined, at least equal to 300% of interest expense and a ratio of consolidated total indebtedness to total capitalization of not more than 55%.

Certain Letters of Credit - The face amounts of irrevocable letters of credit issued under the corporation's revolving credit agreement totaled \$41,195 and \$47,208 at December 31, 2000 and 1999, respectively.

Convertible Subordinated Debentures - The corporation issued its 6% convertible subordinated debentures during 1987. The debentures are convertible into shares of the Class A common stock of Kaman



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Kaman Corporation and Subsidiaries

December 31, 2000, 1999 and 1998

(In thousands except share and per share amounts)

Corporation at any time on or before March 15, 2012 at a conversion price of \$23.36 per share at the option of the holder unless previously redeemed by the corporation. Pursuant to a sinking fund requirement that began March 15, 1997, the corporation redeems \$1,660 of the outstanding principal amount of the debentures annually. The debentures are subordinated to the claims of senior debt holders and general creditors. These debentures have a fair value of \$23,095 at December 31, 2000 based upon current market prices.

Long-Term Debt Annual Maturities - The aggregate amounts of annual maturities of long-term debt for each of the next five years is \$1,660.

Interest Payments - Cash payments for interest were \$2,407, \$2,426 and \$2,565 for 2000, 1999 and 1998, respectively.

## ADVANCES ON 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 for SH-2G helicopter contracts. Virtually all of the customer advances continue to be secured by letters of credit. It is anticipated that the advances on contracts along with the face amounts of these letters of credit will be further reduced as various contract milestones are achieved.

## INCOME TAXES

The components of income taxes are as follows:

	2000	1999	1998
	----	----	----
Current:			
Federal	\$ 17,690	\$ 13,824	\$ 15,650
State	3,185	2,376	4,500
	-----	-----	-----
	20,875	16,200	20,150
	-----	-----	-----
Deferred:			
Federal	(65)	(650)	150
State	(10)	(150)	50
	-----	-----	-----
	(75)	(800)	200
	-----	-----	-----
Total	\$ 20,800	\$ 15,400	\$ 20,350
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

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

December 31 - - - - -	2000 ----	1999 ----
Deferred tax assets:		
Long-term contracts	\$ 1,547	\$ 1,474
Deferred employee benefits	14,539	14,309
Inventory	4,435	4,619
Accrued liabilities and other items	6,504	7,698
	-----	-----
Total deferred tax assets	27,025	28,100
	-----	-----
Deferred tax liabilities:		
Depreciation and amortization	(6,540)	(7,834)
Other items	(3,910)	(3,766)
	-----	-----
Total deferred tax liabilities	(10,450)	(11,600)
	-----	-----
Net deferred tax asset	\$ 16,575	\$ 16,500
	=====	=====

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

The provisions for federal income taxes approximate the amounts computed by applying the U.S. federal income tax rate to earnings before income taxes after giving effect to state income taxes. The consolidated effective tax rate was lower due to the reversal of prior years' tax accruals of \$1,534 and \$1,250 in 2000 and 1999, respectively, as a result of the corporation's ongoing assessment of its open tax years. Cash payments for income taxes were \$20,611, \$18,204 and \$51,590 in 2000, 1999 and 1998, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

PENSION PLAN

The corporation has a non-contributory defined benefit pension plan covering all of its full-time U.S. employees 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. It is the corporation's policy to fund pension costs accrued. Plan assets are invested in a diversified portfolio consisting of equity and fixed income securities (including \$12,868 of Class A common stock of Kaman Corporation at December 31, 2000).

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

	2000	1999	1998
	----	----	----
Service cost for benefits earned during the year	\$ 9,528	\$ 9,837	\$ 8,794
Interest cost on projected benefit obligation	21,688	20,348	19,648
Expected return on plan assets	(29,050)	(25,998)	(22,757)
Net amortization and deferral	(2,635)	(1,909)	(1,909)
	-----	-----	-----
Net pension cost (income)	\$ (469)	\$ 2,278	\$ 3,776
	=====	=====	=====

The change in actuarial present value of the projected benefit obligation is as follows:

December 31	2000	1999
- - - - -	----	----
Projected benefit obligation at beginning of year	\$ 299,228	\$ 297,516
Service cost	9,528	9,837
Interest cost	21,688	20,348
Actuarial liability (gain) loss	(2,091)	(13,442)
Benefit payments	(16,080)	(15,031)
	-----	-----
Projected benefit obligation at end of year	\$ 312,273	\$ 299,228
	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

The actuarial liability gain of \$2,091 for 2000 is attributable to variations from anticipated experience while the actuarial liability gain of \$13,442 for 1999 consists principally of adjustments for changes in the discount rate and average rate of increase in compensation levels.

The change in fair value of plan assets is as follows:

December 31 - - - - -	2000 ----	1999 ----
Fair value of plan assets at beginning of year	\$ 415,358	\$ 362,758
Actual return on plan assets	14,796	65,252
Employer contribution	379	2,379
Benefit payments	(16,080)	(15,031)
	-----	-----
Fair value of plan assets at end of year	\$ 414,453	\$ 415,358
	=====	=====
Excess of assets over projected benefit obligation	\$ 102,180	\$ 116,130
Unrecognized prior service cost	(290)	(345)
Unrecognized net gain	(100,097)	(112,987)
Unrecognized net transition asset	(1,854)	(3,707)
	-----	-----
Accrued pension cost	\$ 61	\$ 909
	=====	=====

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

December 31 - - - - -	2000 ----	1999 ----
Discount rate	7.5 %	7.5 %
Expected return on plan assets	8.625%	8.625%
Average rate of increase in compensation levels	4.5 %	4.5 %
	=====	=====

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Kaman Corporation and Subsidiaries

December 31, 2000, 1999 and 1998

(In thousands except share and per share amounts)

The corporation also has a thrift and retirement plan in which all employees meeting the eligibility requirements may participate. Employer matching contributions are currently made to the plan with respect to a percentage of each participant's pretax contribution. Effective January 1, 2000, certain participating subsidiaries increased their employer contributions to fifty cents (\$.50), up from twenty five cents (\$.25), for each dollar that a participant contributed, up to 5% of compensation. Employer contributions to the plan totaled \$3,514, \$1,691 and \$1,683 in 2000, 1999, and 1998, respectively.

## COMMITMENTS AND CONTINGENCIES

Rent commitments under various leases for office space, warehouse, land and buildings expire at varying dates from January 2001 to December 2010. Certain annual rentals are subject to renegotiation, with certain leases renewable for varying periods. Lease periods for machinery and equipment vary from 1 to 5 years.

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

The following future minimum rental payments are required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2000:

2001	\$13,295
2002	7,421
2003	3,555
2004	2,356
2005	1,389
Thereafter	2,306
	-----
Total	\$30,322
	=====

Lease expense for all operating leases, including leases with terms of less than one year, amounted to \$14,710, \$15,413 and \$14,683 for 2000, 1999 and 1998, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

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

One such matter involves Litton Guidance and Control Systems, a division of Litton Systems, Inc. and Litton Industries, Inc., which has been a major subcontractor for both the Australia and New Zealand SH-2G Helicopter programs, being responsible for providing avionics system hardware and integration software. In addition, Litton has been the designer and integrator of the ITAS system specific to the Australia program. Litton had stated that it was incurring additional costs to perform its fixed price contract with the corporation for the Australia program and submitted claims for such costs to the corporation during 2000. The corporation's evaluation of the matter was different from Litton's and the corporation had, in turn, submitted claims to Litton. In an effort to resolve the entire matter, the parties conducted a mediation in early February 2001. As a result of that process, the parties arrived at an agreement in principle, under which the corporation will make certain milestone payments to Litton as it completes work on hardware and certain software contemplated under the fixed price contract and Litton will release its claims against the corporation. In return, Litton will transfer to the corporation a software integration laboratory, software and intellectual property rights and the corporation will release its claims against Litton. In addition, upon performance of the items described above, Litton's significant project responsibilities for the Australia program will end and the corporation will assume responsibility for several remaining elements of the project.

COMPUTATION OF EARNINGS PER COMMON SHARE

The earnings per common share - basic computation is based on the earnings applicable to common stock divided by the weighted average number of shares of common stock outstanding for each year.

The earnings per common share - diluted computation includes the common stock equivalency of options granted to employees under the Stock Incentive Plan. The earnings per common share - diluted computation also assumes that at the beginning of the year the 6% convertible subordinated debentures are converted into Class A common stock with the resultant reduction in interest costs net of tax. Excluded from the earnings per common share - diluted calculation are options granted to employees that are anti-dilutive based on the average stock price for the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

	2000 ----	1999 ----	1998 ----
Earnings per common share - basic			
Earnings applicable to common stock	\$36,920 =====	\$25,073 =====	\$30,008 =====
Weighted average shares outstanding (000)	22,936 =====	23,468 =====	23,407 =====
Earnings per common share - basic	\$ 1.61 =====	\$ 1.07 =====	\$ 1.28 =====
Earnings per common share - diluted			
Earnings applicable to common stock	\$36,920	\$25,073	\$30,008
Plus:			
After-tax interest savings on convertible debentures	1,031 -----	1,046 -----	1,075 -----
Earnings applicable to common stock assuming conversion	\$37,951 =====	\$26,119 =====	\$31,083 =====
Weighted average shares outstanding (000)	22,936	23,468	23,407
Plus shares issuable on:			
Conversion of Series 2 preferred stock	--	--	282
Conversion of 6% convertible debentures	1,151	1,221	1,293
Exercise of dilutive options	81 -----	121 -----	253 -----
Weighted average shares outstanding assuming conversion (000)	24,168 =====	24,810 =====	25,235 =====
Earnings per common share - diluted	\$ 1.57 =====	\$ 1.05 =====	\$ 1.23 =====

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Kaman Corporation and Subsidiaries

December 31, 2000, 1999 and 1998

(In thousands except share and per share amounts)

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

### STOCK PLANS

**Employees Stock Purchase Plan** - The Kaman Corporation Employees Stock Purchase Plan allows employees to purchase Class A common stock of the corporation, through payroll deductions, at 85% of the market value of shares at the time of purchase. The plan provides for the grant of rights to employees to purchase a maximum of 1,500,000 shares of Class A common stock. There are no charges or credits to income in connection with the plan. During 2000, 145,485 shares were issued to employees at prices ranging from \$7.76 to \$13.60 per share. During 1999, 140,620 shares were issued to employees at prices ranging from \$9.03 to \$13.49 per share. During 1998, 115,374 shares were issued to employees at prices ranging from \$12.43 to \$16.47 per share. At December 31, 2000, there were approximately 1,088,000 shares available for offering under the plan.

**Stock Incentive Plan** - The corporation maintains a Stock Incentive Plan which includes a continuation and extension of a predecessor stock incentive program. The Stock Incentive Plan provides for the grant of non-statutory stock options, incentive stock options, restricted stock awards and stock appreciation rights primarily to officers and other key employees. The number of shares of Class A common stock reserved for issuance under this plan is 2,210,000 shares.

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

Restricted stock awards were made for 62,500 shares at prices ranging from \$10.31 to \$10.75 per share in 2000, 91,000 shares at prices ranging from \$11.81 to \$14.50 per share in 1999 and 62,500 shares at prices ranging from \$17.00 to \$19.25 per share in 1998. At December 31, 2000, there were 161,000 shares remaining subject to restrictions pursuant to these awards. Stock appreciation rights were issued for 130,000 shares at \$10.31 in 2000, 270,000 shares at prices ranging from \$14.13 to \$14.50 per share in 1999 and 165,000 shares at \$17.00 per share in 1998, to be settled only for cash. The corporation recorded \$1,732 of expense in 2000, income of \$703 in 1999 due to the grant price being higher than the year end market price and \$203 of expense in 1998 for these stock appreciation rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

Stock option activity is as follows:

Stock options outstanding:	Options	Weighted-Average Exercise Price
- - - - -	- - - - -	- - - - -
Balance at January 1, 1998	791,080	10.50
Options granted	205,000	17.00
Options exercised	(79,845)	8.94
Options cancelled	(121,415)	10.56
	- - - - -	- - - - -
Balance at December 31, 1998	794,820	12.32
Options granted	312,800	14.38
Options exercised	(26,760)	9.56
Options cancelled	(39,850)	14.25
	- - - - -	- - - - -
Balance at December 31, 1999	1,041,010	12.94
Options granted	225,500	10.31
Options exercised	(75,360)	8.86
Options cancelled	(121,170)	13.65
	- - - - -	- - - - -
Balance at December 31, 2000	1,069,980	12.59
	=====	=====
Weighted average contractual life remaining at December 31, 2000	6.7 years	
	=====	
Range of exercise prices for options outstanding at December 31, 2000	\$ 8.00- \$ 12.50	\$ 12.51- \$ 17.00
	- - - - -	- - - - -
Options outstanding	511,880	558,100
Options exercisable	278,700	193,510
Weighted average contractual remaining life of options outstanding	5.9 years	7.5 years
Weighted average exercise price:		
Options outstanding	\$ 10.08	\$ 14.89
Options exercisable	\$ 9.88	\$ 14.85
	=====	=====

As of December 31, 1999 and 1998, there were 438,720 and 349,950 options exercisable, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

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

	2000	1999	1998
	----	----	----
Net earnings:			
As reported	\$36,920	\$25,073	\$30,008
Pro forma	36,288	24,497	29,534
Earnings per common share			
- - basic:			
As reported	1.61	1.07	1.28
Pro forma	1.58	1.04	1.26
Earnings per common share			
- - diluted:			
As reported	1.57	1.05	1.23
Pro forma	1.55	1.03	1.22
	-----	-----	-----

The fair value of each option grant is estimated on the date of grant by using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for grants in 2000, 1999, and 1998:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

	2000 ----	1999 ----	1998 ----
Expected dividend yield	4.3%	3.1%	2.6%
Expected volatility	38.0%	34.0%	31.0%
Risk-free interest rate	6.5%	5.3%	5.6%
Expected option lives	8 years	8 years	8 years
Per share fair value of options granted	\$ 3.35 =====	\$ 4.75 =====	\$ 5.78 =====

SEGMENT INFORMATION

The corporation reports results in three business segments -- Aerospace, Industrial Distribution and Music Distribution.

The Aerospace segment consists primarily of aerospace related business for global government and commercial markets, including the retrofit of SH-2 helicopters from the SH-2F to the SH-2G configuration as well as support services, logistics and spare parts for that helicopter; manufacture of the K-MAX helicopter together with spare parts and technical support; subcontract work consisting of fabrication of aircraft structures; and production of components, including self-lubricating bearings and couplings.

The Industrial Distribution segment provides replacement parts, including bearings, power transmission, motion control and materials handling components to nearly every sector of industry in North America, along with industrial engineering support services. Operations are conducted from many locations across the United States and British Columbia, Canada. In 1999, the segment took a pretax charge of \$12,382 to write-off inventory and streamline its operational structure and increase efficiency. During 2000, \$1,680 of this pretax charge was unused and added back to operating profit.

The Music Distribution segment consists of distribution of musical instruments and accessories in the U.S. and abroad through offices in the U.S. and Canada. Music operations also include some manufacture of guitars.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

Summarized financial information by business segment is as follows:

	2000 ----	1999 ----	1998 ----
Net sales:			
Aerospace	\$ 381,932	\$ 371,757	\$ 382,697
Industrial Distribution	520,779	505,261	514,379
Music Distribution	128,523	118,386	120,048
	-----	-----	-----
	\$1,031,234	\$ 995,404	\$1,017,124
	=====	=====	=====
Operating profit:			
Aerospace	\$ 44,236	\$ 44,023	\$ 43,304
Industrial Distribution	22,902	2,908	18,550
Music Distribution	7,441	5,627	5,315
	-----	-----	-----
	74,579	52,558	67,169
Interest, corporate and other expense, net	(16,859)	(12,085)	(16,811)
	-----	-----	-----
Earnings before income taxes	\$ 57,720	\$ 40,473	\$ 50,358
	=====	=====	=====
Identifiable assets:			
Aerospace	\$ 307,762	\$ 251,443	\$ 294,566
Industrial Distribution	137,297	141,913	160,873
Music Distribution	53,444	53,714	54,577
Corporate	55,327	87,133	77,214
	-----	-----	-----
	\$ 553,830	\$ 534,203	\$ 587,230
	=====	=====	=====
Capital expenditures:			
Aerospace	\$ 6,110	\$ 6,631	\$ 11,369
Industrial Distribution	2,947	2,398	3,568
Music Distribution	812	1,773	1,770
Corporate	1,175	162	2,477
	-----	-----	-----
	\$ 11,044	\$ 10,964	\$ 19,184
	=====	=====	=====
Depreciation and amortization:			
Aerospace	\$ 5,875	\$ 5,963	\$ 5,586
Industrial Distribution	3,138	3,395	3,077
Music Distribution	1,490	1,508	1,317
Corporate	1,127	1,132	1,088
	-----	-----	-----
	\$ 11,630	\$ 11,998	\$ 11,068
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Kaman Corporation and Subsidiaries  
December 31, 2000, 1999 and 1998  
(In thousands except share and per share amounts)

	2000	1999	1998
	----	----	----
Geographic information - sales:			
United States	\$ 789,533	\$737,023	\$ 793,544
Australia/New Zealand	186,537	200,796	158,068
Canada	29,455	28,724	35,438
Europe	12,765	11,590	11,980
Japan	6,862	10,172	9,527
Other	6,082	7,099	8,567
	-----	-----	-----
	\$1,031,234	\$995,404	\$1,017,124
	=====	=====	=====

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

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

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) account for \$81,519 in 2000, \$72,285 in 1999 and \$92,539 in 1998.

Sales made by the Aerospace segment under a contract with one customer were \$130,285, \$145,006 and \$119,222 in 2000, 1999 and 1998, respectively.

REPORT OF INDEPENDENT AUDITORS  
Kaman Corporation and Subsidiaries

KPMG LLP  
Certified Public Accountants  
One Financial Plaza  
Hartford, Connecticut 06103

THE BOARD OF DIRECTORS AND SHAREHOLDERS  
KAMAN CORPORATION:

We have audited the accompanying consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2000 and 1999, 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, 2000. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaman Corporation and subsidiaries at December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

February 5, 2001





EXHIBIT 21

KAMAN CORPORATION

SUBSIDIARIES

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

Name	State of Incorporation
-----	
Registrant: KAMAN CORPORATION	Connecticut
Subsidiaries:	
Kaman 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 Industrial Technologies Corporation	Connecticut
Kaman Industrial Technologies, Ltd.	Canada
Kaman Music Corporation	Connecticut
KMI Europe, Inc.	Delaware
B & J Music Ltd.	Canada
Kaman Foreign Sales Corporation	Barbados

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

KPMG LLP  
Certified Public Accountants  
One Financial Plaza  
Hartford, Connecticut 06103

The Board of Directors and Shareholders  
Kaman Corporation:

We consent to incorporation by reference in the Registration Statements (Nos. 33-51483 and 33-51485) on Form S-8 of Kaman Corporation of our reports dated February 5, 2001, relating to the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2000 and 1999 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, 2000, and the related schedule, which reports appear or are incorporated by reference in the December 31, 2000 annual report on Form 10-K of Kaman Corporation.

/s/ KPMG LLP

Hartford, Connecticut  
March 15, 2001

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, 2000 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 13th day of March, 2001

Brian E. Barents  
E. Reeves Callaway, III  
Frank C. Carlucci  
Laney J. Chouest  
John A. DiBiaggio  
Huntington Hardisty  
Charles H. Kaman

C. William Kaman, II  
Eileen S. Kraus  
Paul R. Kuhn  
Hartzel Z. Lebed  
Walter H. Monteith, Jr.  
Wanda L. Rogers