

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

FORM 10-Q

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

For the quarterly period ended April 3, 2009

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 Number: 0-1093

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut

06-0613548

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**1332 Blue Hills Avenue
Bloomfield, Connecticut 06002**

(Address of principal executive offices) (Zip Code)

(860) 243-7100

(Registrant's telephone number, including area code)

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated
filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

At May 1, 2009, there were 25,639,039 shares of Common Stock outstanding.

CONDENSED CONSOLIDATED BALANCE SHEETS

KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except per share and per share amounts) (Unaudited)

	April 3, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,000	\$ 8,161
Accounts receivable, net	146,420	173,847
Inventories	306,347	255,817
Deferred income taxes	26,049	23,851
Income taxes receivable	1,068	3,450
Other current assets	20,967	21,390
Total current assets	<u>511,851</u>	<u>486,516</u>
Property, plant and equipment, net	78,545	79,476
Goodwill	84,168	83,594
Other intangibles assets, net	28,079	28,211
Deferred income taxes	70,601	71,926
Other assets	13,072	12,890
Total assets	<u>\$ 786,316</u>	<u>\$ 762,613</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	\$ 1,443	\$ 1,241
Current portion of long-term debt	5,000	5,000
Accounts payable – trade	80,914	84,059
Accrued salaries and wages	16,640	21,104
Accrued pension costs	5,874	5,878
Accrued contract losses	3,677	9,714
Advances on contracts	1,739	10,612
Other accruals and payables	39,937	39,467
Income taxes payable	1,597	1,464
Total current liabilities	<u>156,821</u>	<u>178,539</u>
Long-term debt, excluding current portion	100,270	87,924
Deferred income taxes	7,934	7,926
Underfunded pension	169,630	168,148
Due to Commonwealth of Australia	28,293	-
Other long-term liabilities	46,424	45,805
Commitments and contingencies		
Shareholders' equity:		
Capital stock, \$1 par value per share:		
Preferred stock, 200,000 shares authorized; none outstanding	-	-
Common stock, 50,000,000 shares authorized, 25,641,231 and 25,514,525 shares issued, respectively	25,641	25,515
Additional paid-in capital	86,367	85,073
Retained earnings	285,582	283,789
Accumulated other comprehensive income (loss)	(120,088)	(119,658)
Less 50,476 and 43,907 shares of common stock, respectively, held in treasury, at cost	(558)	(448)
Total shareholders' equity	<u>276,944</u>	<u>274,271</u>
Total liabilities and shareholders' equity	<u>\$ 786,316</u>	<u>\$ 762,613</u>

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
KAMAN CORPORATION AND SUBSIDIARIES
(In thousands, except per share amounts) (Unaudited)

	For the Three Months Ended	
	April 3, 2009	March 28, 2008
Net sales	\$ 294,035	\$ 285,781
Cost of sales	216,340	209,190
Gross profit	77,695	76,591
Selling, general and administrative expenses	68,385	62,698
Net (gain)/loss on sale of assets	(93)	110
Operating income	9,403	13,783
Interest expense (income), net	1,104	(1)
Other expense, net	202	141
Earnings before income taxes	8,097	13,643
Income tax expense	2,721	4,775
Net earnings	\$ 5,376	\$ 8,868
Net earnings per share:		
Basic net earnings per share	\$ 0.21	\$ 0.35
Diluted net earnings per share	\$ 0.21	\$ 0.35
Average shares outstanding:		
Basic	25,534	25,205
Diluted	25,598	25,391
Dividends declared per share	\$ 0.14	\$ 0.14

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
KAMAN CORPORATION AND SUBSIDIARIES
(In thousands) (Unaudited)

	For the Three Months Ended	
	April 3, 2009	March 28, 2008
Cash flows from operating activities:		
Net earnings	\$ 5,376	\$ 8,868
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,837	2,585
Change in allowance for doubtful accounts	186	(67)
Net (gain) loss on sale of assets	(93)	110
Non-cash loss on derivative instruments	1	-
Stock compensation expense	839	332
Excess tax benefits from share-based compensation arrangements	73	(107)
Deferred income taxes	(338)	867
Changes in assets and liabilities, excluding effects of acquisitions/divestitures:		
Accounts receivable, net	(13,530)	(22,151)
Inventories	1,280	(17,017)
Income tax receivable	2,382	-
Other current assets	390	(1,521)
Accounts payable - trade	(3,864)	4,731
Accrued contract losses	36	2,047
Advances on contracts	(343)	547
Accrued expenses and payables	(3,052)	(9,243)
Income taxes payable	119	(9,820)
Pension liabilities	2,193	(3,117)
Other long-term liabilities	533	(384)
Cash provided by (used in) operating activities	<u>(3,975)</u>	<u>(43,340)</u>
Cash flows from investing activities:		
Proceeds from sale of assets	10	36
Expenditures for property, plant & equipment	(2,157)	(2,334)
Acquisition of businesses including earn out adjustment, net of cash	(549)	(118)
Other, net	77	(804)
Cash provided by (used in) investing activities	<u>(2,619)</u>	<u>(3,220)</u>
Cash flows from financing activities:		
Net borrowings (repayments) under revolving credit agreements	13,817	1,571
Debt repayment	(1,250)	-
Net change in book overdraft	607	264
Proceeds from employee stock plan transactions	495	2,191
Dividends paid	(3,765)	(3,520)
Windfall tax benefit	(73)	107
Other	(191)	310
Cash provided by (used in) financing activities	<u>9,640</u>	<u>923</u>
Net increase (decrease) in cash and cash equivalents	3,046	(45,637)
Effect of exchange rate changes on cash and cash equivalents	(207)	88
Cash and cash equivalents at beginning of period	8,161	73,898
Cash and cash equivalents at end of period	<u>\$ 11,000</u>	<u>\$ 28,349</u>

See accompanying notes to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended April 3, 2009, and March 28, 2008

(In thousands except per share amounts) (Unaudited)

1. BASIS OF PRESENTATION

The December 31, 2008 condensed consolidated balance sheet amounts have been derived from the previously audited consolidated balance sheet of Kaman Corporation and subsidiaries. In the opinion of management, the balance of the condensed financial information reflects all adjustments which are necessary for a fair presentation of the company's financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature, unless otherwise disclosed in this report. Certain amounts in prior period condensed consolidated financial statements have been reclassified to conform to current year presentation. The statements should be read in conjunction with the consolidated financial statements and notes included in the company's Form 10-K for the year ended December 31, 2008. The results of operations for the interim period presented are not necessarily indicative of trends or of results to be expected for the entire year.

The company has a calendar year-end; however, its first three fiscal quarters follow a 13-week convention, with each quarter ending on a Friday. The first quarter for 2009 and 2008 ended on April 3, 2009 and March 28, 2008, respectively.

2. RECENT ACCOUNTING STANDARDS

In April 2009, the Financial Accounting Standards Board ("FASB") issued FSP No. 141R-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies, ("FSP 141R-1"). FSP 141R-1 amends the provisions in Statement of Financial Accounting Standards ("SFAS") No. 141R ("SFAS No. 141R") for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. The FSP eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria in Statement No. 141R, and instead carries forward most of the provisions of SFAS No. 141 for acquired contingencies. FSP 141R-1 is effective for contingent assets and contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We expect FSP 141R-1 will have an impact on our consolidated financial statements, but the nature and magnitude of its specific effects will depend upon the nature, term and size of the acquired contingencies.

3. ADDITIONAL CASH FLOW INFORMATION

Cash payments for interest were \$1,125 and \$338 for the three months ended April 3, 2009, and March 28, 2008, respectively. Cash payments for income taxes, net of refunds, for the comparable periods were \$429 and \$13,674, respectively.

On February 12, 2009, the Company completed the transfer of ownership of the Australian SH-2G(A) Super Seasprite Program inventory and equipment. As a result, the Company recorded a non-cash inventory acquisition of \$52,741, which represented the elimination of \$32,041 of net unbilled receivables, the elimination of \$6,072 of accrued contract losses and the recognition of the minimum payment liability due to the Commonwealth of Australia.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

	April 3, 2009	December 31, 2008
Trade receivables	\$ 75,879	\$ 77,071
U.S. Government contracts:		
Billed	37,992	29,088
Costs and accrued profit – not billed	4,541	2,450
Commercial and other government contracts:		
Billed	30,370	26,845
Costs and accrued profit – not billed	-	40,565
Less allowance for doubtful accounts	(2,362)	(2,172)
Total	<u>\$ 146,420</u>	<u>\$ 173,847</u>

On February 12, 2009, the Company completed the transfer of ownership of the Australian SH-2G(A) Super Seasprite Program inventory and equipment. The unbilled receivables associated with the SH-2G(A) program were \$40,572 and the balance of amounts received as advances on this contract were \$8,531. These balances, totaling a net \$32,041, were eliminated in connection with the transfer of the Australian program inventory and equipment to the Company. Additional detail relative to this matter is provided in Note 11, Commitments and Contingencies.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended April 3, 2009, and March 28, 2008

(In thousands except per share amounts) (Unaudited)

5. FAIR VALUE MEASUREMENTS

Effective January 1, 2009, the Company adopted FASB Staff Position (“FSP”) SFAS No. 157-2 which had delayed the effective date of Statement of Financial Accounting Standards No. 157, “Fair Value Measurements”, (“SFAS 157”) for non-financial assets and liabilities until January 1, 2009. SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The table below segregates all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

	Total Carrying Value at April 3, 2009	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative instruments	\$ 1,255	\$ -	\$ 1,255	\$ -
Total Assets	\$ 1,255	\$ -	\$ 1,255	\$ -
Derivative instruments	\$ 168	\$ -	\$ 168	\$ -
Total Liabilities	\$ 168	\$ -	\$ 168	\$ -

The Company’s derivative instruments are limited to foreign exchange contracts and interest rate swaps that are measured at fair value using observable market inputs such as forward rates and our counterparties’ credit risks. Based on these inputs, the derivative instruments are classified within Level 2 of the valuation hierarchy and have been included in other current assets, other assets and other long-term liabilities on the Condensed Consolidated Balance Sheet at April 3, 2009. Based on the continued ability to trade securities and enter into forward contracts and interest rate swap, we consider the markets for our fair value instruments to be active.

The Level 2 classification results from the Company’s evaluation of the credit risk associated with the counterparties to these derivative instruments and the determination, that as of April 3, 2009, such credit risks have not had an adverse impact on the fair value of these instruments.

6. DERIVATIVE FINANCIAL INSTRUMENTS

The Company adopted SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133” (“SFAS No. 161”) on January 1, 2009. SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”) with the intent to provide users of financial statements with an enhanced understanding of: (i) How and why an entity uses derivative instruments; (ii) How derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and (iii) How derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended April 3, 2009, and March 28, 2008

(In thousands except per share amounts) (Unaudited)

6. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Company is exposed to certain risks relating to its ongoing business operations, including market risks relating to fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are recognized on the consolidated balance sheets as either assets or liabilities and are measured at fair value. Changes in fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income, depending on whether a derivative is effective as part of a hedge transaction. Gains and losses on derivative instruments reported in accumulated other comprehensive income are subsequently included in earnings in the periods in which earnings are affected by the hedged item. The Company does not use derivative instruments for speculative purposes.

Derivatives Designated as Cash Flow Hedges

The Company's Term Loan Credit Agreement ("Term Loan") contains floating rate obligations and is subject to interest rate fluctuations. During the first quarter of 2009, the Company entered into interest rate swap agreements for the purposes of hedging its eight quarterly variable-rate interest payments on its Term Loan in 2010 and 2011. These interest rate swap agreements are designated as cash flow hedges and are intended to manage interest rate risk associated with the Company's variable-rate borrowings and minimize the negative impact of interest rate fluctuations on the Company's earnings and cash flows attributable to the changes in LIBOR rates.

The Company holds forward exchange contracts designed to hedge forecasted transactions denominated in foreign currencies. These contracts are designated as cash flow hedges and are designed to minimize the negative impact of foreign currency fluctuations on the Company's earnings and cash flows.

The following table shows the fair value of derivative instruments designated as cash flow hedging instruments under SFAS No. 133:

		Fair Value		
	Balance Sheet Location	April 3, 2009	December 31, 2008	Notional Amount
Derivative Assets				
Foreign exchange contracts	Other current assets	\$ 122	\$ 212	\$1,866 Euro dollars
Foreign exchange contracts (a)	Other assets	-	779	\$36,516 Australian Dollars
Total		<u>\$ 122</u>	<u>\$ 991</u>	
Derivative Liabilities				
Interest rate swap contracts	Other assets	\$ 168	\$ -	\$45,000-\$40,000
Total		<u>\$ 168</u>	<u>\$ -</u>	

(a) Forward exchange contracts dedesignated on February 12, 2009. See information below for fair value after dedesignation.

The following table shows the gain or (loss) recognized in other comprehensive income for derivatives designated as cash flow hedges under SFAS No. 133:

	April 3, 2009	March 28, 2008
Foreign Exchange Contracts	\$ (104)	\$ -
Foreign Exchange Contracts (a)	(1,941)	-
Interest Rate Swap Contracts	(168)	-
Total	<u>\$ (2,213)</u>	<u>\$ -</u>

(a) Forward exchange contract dedesignated on February 12, 2009. See information below for amounts recognized in the Condensed Consolidated Statement of Operations after dedesignation.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended April 3, 2009, and March 28, 2008

(In thousands except per share amounts) (Unaudited)

6. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives Designated as Cash Flow Hedges - continued

During the three months ended April 3, 2009, the loss reclassified out of Other Comprehensive Income for derivative instruments designated as a cash flow hedge was not material. No amounts were reclassified out of Other Comprehensive Income for the three months ended March 28, 2008. Over the next twelve months, the Company expects to reclassify approximately \$93 out of Other Comprehensive Income.

During the three months ended April 3, 2009, the gain recorded in other income for ineffective portion of derivative instruments designated as a cash flow hedge was not material. No amounts were recorded for the three months ended March 28, 2008.

Derivatives Not Designated as Hedging Instruments

The following table shows the fair value of derivative instruments not designated as hedging instruments under SFAS No. 133:

		Fair Value		Notional Amount
		April 3, 2009	December 31, 2008	
Derivative Assets				
Foreign exchange contracts	Other assets	\$ 1,133	\$ -	\$36,516 Australian Dollars
Total		\$ 1,133	\$ -	

On February 12, 2009, the Company dedesignated the forward contract it had entered into to hedge \$36,516 (AUD) of its \$39,516 (AUD) future minimum required payments to the Commonwealth of Australia. At April 3, 2009, the U.S. dollar value of the \$36,516 (AUD) payable was \$26,145. The following table shows the location and amount of the gain or (loss) recognized on the Condensed Consolidated Statements of Operations for derivatives not designated as hedge instruments under SFAS No. 133:

		For the three months ended	
		April 3, 2009	March 28, 2008
Derivative Assets			
Foreign Exchange Contracts	Other (income) expense	\$ (2,025)	\$ -
Total		\$ (2,025)	\$ -

For the three months ended April 3, 2009, the Company recorded \$2,330 to other expense related to the change in the value of the previously hedged \$36,516 (AUD) payable.

Hedges of a Net Investment in Foreign Operations

The Company also maintains an approximately \$7,600 Euro note, part of the revolving credit facility, which qualifies and has been designated as an effective hedge against the Company's investment in its German subsidiary (RWG). The U.S. dollar value of the Euro note at April 3, 2009, was \$10,220.

The following table shows the amount of the cumulative translation adjustment recorded in other comprehensive income:

		For the three months ended	
		April 3, 2009	March 28, 2008
Location			
Euro note	Cumulative Translation Adjustment	\$ (212)	\$ 817
Total		\$ (212)	\$ 817

The Company did not reclassify any amounts from other comprehensive income to earnings during the three months ended April 3, 2009, or March 28, 2008.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended April 3, 2009, and March 28, 2008
(In thousands except per share amounts) (Unaudited)

7. INVENTORIES

Inventories consist of the following:

	<u>April 3, 2009</u>	<u>December 31, 2008</u>
Merchandise for resale	\$ 103,125	\$ 106,757
Contracts and other work in process	184,435	130,299
Finished goods (including certain general stock materials)	18,787	18,761
Total	<u>\$ 306,347</u>	<u>\$ 255,817</u>

K-MAX® inventory of \$24,100 and \$23,593 is included in other work in process and finished goods as of April 3, 2009 and December 31, 2008, respectively. Management believes that a significant portion of this K-MAX inventory will be sold after one year, based upon the anticipation of supporting the fleet for the foreseeable future.

On February 12, 2009, the Company completed the transfer of ownership of the Australian SH-2G(A) Super Seasprite Program inventory and equipment. As a result, the Company recorded \$52,741 of contracts and other work in process inventory, which represents the elimination of \$32,041 of net unbilled receivables, the elimination of \$6,072 of accrued contract losses and the recognition of the minimum payment liability due to the Commonwealth of Australia. For more information see Note 11, Commitments and Contingencies. Management believes that a significant portion of this inventory will be sold after one year, based upon the time needed to market the aircraft and prepare them for sale.

8. ACCRUED CONTRACT LOSSES

The following is a summary of activity and balances associated with accrued contract losses:

Balance at December 31, 2008	\$ 9,714
Additions to loss accrual	840
Costs incurred	(823)
Released to income	18
Elimination of Australian loss accrual	(6,072)
Balance at April 3, 2009	<u>\$ 3,677</u>

On February 12, 2009, the Company and the Commonwealth of Australia completed the transfer of ownership of the SH-2G(A) Super Seasprite program inventory and equipment, effectively ending the associated production and service contracts. As a result, accrued contract losses of \$6,072 were eliminated. This matter is discussed more fully in Note 11, Commitments and Contingencies.

9. ENVIRONMENTAL COSTS

The following table displays the activity and balances associated with accruals related to environmental costs included in other accruals and payables and other long-term liabilities:

Balance at December 31, 2008	\$ 16,136
Additions to accrual	-
Payments	(269)
Balance at April 3, 2009	<u>\$ 15,867</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the Three Months Ended April 3, 2009, and March 28, 2008**

(In thousands except per share amounts) (Unaudited)

10. PENSION PLANS

Components of net pension cost for the qualified pension plan and Supplemental Employees' Retirement Plan (SERP) are as follows:

	Qualified Pension Plan		SERP	
	For the Three Months Ended		For the Three Months Ended	
	April 3, 2009	March 28, 2008	April 3, 2009	March 28, 2008
Service cost for benefits earned	\$ 3,400	\$ 3,069	\$ 108	\$ 184
Interest cost on projected benefit obligation	7,547	7,338	248	384
Expected return on plan assets	(7,749)	(8,681)	-	-
Effect of settlement/curtailment	-	-	-	1,006
Net amortization and deferral	777	15	(171)	408
Net pension cost	<u>\$ 3,975</u>	<u>\$ 1,741</u>	<u>\$ 185</u>	<u>\$ 1,982</u>

For the 2009 plan year, the Company contributed \$10,900 to the qualified pension plan in April 2009 and does not expect to make any further contributions for this plan year. For the 2009 plan year, the Company expects to make payments of \$5,678 for the SERP of which, \$226 were made in the first quarter of 2009. In the first quarter of 2009, the Company also made a \$1,741 contribution to the qualified pension plan for the 2008 plan year.

11. COMMITMENTS AND CONTINGENCIES**Legal Matters**

There continue to be two warranty-related matters that impact the FMU-143 program at Precision Products Orlando facility, ("KPP Orlando"). The items involved are an impact switch embedded in certain bomb fuzes that was recalled by a supplier and an incorrect part, called a bellows motor, found to be contained in bomb fuzes manufactured for the U.S. Army utilizing systems which originated before KPP Orlando was acquired by Kaman. The U.S. Army Sustainment Command ("USASC"), the procurement agency that administers the FMU-143 contract, had authorized warranty rework for the bellows motor matter in late 2004/early 2005; however, the Company was not permitted to finish the rework due to issues raised by the USASC primarily related to administrative matters and requests for verification of the accuracy of test equipment (which accuracy was subsequently verified).

In late 2006, the USASC informed us that it was changing its remedy under the contract from performance of warranty rework to an "equitable adjustment" of \$6,900 to the contract price. The Company responded, explaining its view that it had complied with contract requirements. In June 2007, the USASC affirmed its position but rescinded its \$6,900 demand (stating that its full costs had not yet been determined) and gave instructions for disposition of the subject fuzes, including both the impact switch and bellows motor related items, to a Navy facility and the Company complied with that direction. By letter dated April 24, 2009, the United States Government has notified the Company that it is contemplating litigation against us, alleging liability associated with this matter and including specific claims of about \$6,000 (treble damages) in connection with allegedly "false claims" by the Company for payment for fuzes containing the incorrect part and \$3,000 in connection with rework. The Company believes that the allegations are unfounded and will vigorously defend itself should a suit be filed.

As reported previously, a separate contract dispute between KPP Orlando and the USASC relative to the FMU-143 fuze program is now in litigation. The USASC has basically alleged the existence of latent defects in certain fuzes due to unauthorized rework during production and has sought to revoke their acceptance. Management believes that the Precision Products segment has performed in accordance with the contract and it is the government that has materially breached its terms; as a result, during the fourth quarter of 2007, the Company cancelled the contract and in January 2008, commenced litigation before the Armed Services Board of Contract Appeals (the "Board") requesting a declaratory judgment that the cancellation was proper. At about the same time, the USASC notified the Company that it was terminating the contract for default, making the allegations noted above and the Company filed a second complaint with the Board appealing that termination decision. The litigation process continues.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended April 3, 2009, and March 28, 2008

(In thousands except per share amounts) (Unaudited)

11. COMMITMENTS AND CONTINGENCIES (Continued)

Other Matters

Revenue Sharing Agreement with the Commonwealth of Australia

As previously reported, the Company has agreed to share proceeds from its sale of the former SH-2G (A) aircraft (along with spare parts and associated equipment) with the Commonwealth of Australia on a predetermined basis. Total payments of at least \$39,516 million (AUD) will be made to the Commonwealth regardless of sales, with at least \$26,700 (AUD) to be paid by March 2011, and, to the extent cumulative payments have not yet reached \$39,516 million (AUD), additional payments of \$6,408 million (AUD) each in March of 2012 and 2013. In late 2008, the Company entered into forward contracts for the purpose of hedging these required payments. These contracts represent \$36,516 (AUD) of the \$39,516 (AUD) required payments and have been accounted for in accordance with SFAS 133. See Note 6, Derivative Financial Instruments, for further discussion of these instruments and their dedesignation during the first quarter of 2009. In addition, to secure these payments, the Company has provided the Commonwealth with a \$39,516 million (AUD) unconditional letter of credit, which will be reduced as such payments are made. At April 3, 2009, the U.S. dollar value of the \$39,516 million (AUD) required payments was \$28,293.

Moosup

The Connecticut Department of Environmental Protection ("CTDEP") has given the Company conditional approval for reclassification of groundwater in the vicinity of the Moosup, CT facility consistent with the character of the area. This facility is currently being held for disposal. The Company has substantially completed the process of connecting neighboring properties to public drinking water in accordance with such approval and in coordination with the CTDEP and local authorities. The Company anticipates that the water connection project will be completed in 2009. Site characterization of the environmental condition of the property began in 2008 and is expected to continue during 2009.

Ovation

In connection with sale of the Music segment in 2007, the Company assumed responsibility for meeting certain requirements of the Transfer Act that applied to our transfer of the New Hartford, Connecticut, facility leased by that segment for guitar manufacturing purposes ("Ovation"). Under the Transfer Act, those responsibilities essentially consist of assessing the site's environmental conditions and remediating environmental impairments, if any, caused by Ovation's operations prior to the sale. The site is a multi-tenant industrial park, in which Ovation and other unrelated entities lease space. The environmental assessment process began in 2008 and will continue during 2009. The Company's estimate of its portion of the cost to assess the environmental conditions and remediate this site is \$2,240 million, unchanged from previously reported estimates.

NAVAIR Property

In August 2008, we completed the purchase of the portion of the Bloomfield campus that Kaman Aerospace Corporation (of which the Helicopters segment forms a part) had leased from NAVAIR for many years. In connection with the purchase, we have assumed responsibility for environmental remediation at the facility as may be required under the Transfer Act and we continue the effort to define the scope of the remediation that will be required by the CTDEP. The assumed environmental liability of \$10,258 was recorded by taking the undiscounted remediation liability of \$20,768 and discounting it at a rate of 8%. This remediation process will take many years to complete.

Brookhouse

The Company has accrued £1,574 or \$2,330 at April 3, 2009, for environmental compliance at our recently acquired Brookhouse Holdings Ltd. ("Brookhouse") facilities. The Company is in the early stages of assessing the work that may be required, which may result in a change to this accrual and the purchase accounting for the acquisition of Brookhouse as it has not been finalized as of April 3, 2009.

In December 2008, a workplace accident occurred at Brookhouse in which one employee died and another was seriously injured. In accordance with U.K. law, the matter is the subject of an ongoing investigation, being carried out jointly by Lancashire Police and the Health and Safety Executive ("HSE") in order to determine whether criminal charges are appropriate in this case. This investigation has not been concluded. Following the conclusion of the investigation, it is expected that there will also be proceedings before the HSE under U.K. Health and Safety legislation. The Company currently believes that the total potential financial exposure of the two Brookhouse subsidiaries involved in the matter with respect to government proceedings is not likely to be material to its financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended April 3, 2009, and March 28, 2008

(In thousands except per share amounts) (Unaudited)

12. COMPUTATION OF EARNINGS PER SHARE

Effective January 1, 2009 the Company adopted FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" (FSP No. EITF 03-6-1). FSP No. EITF 03-6-1 requires that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend-equivalents be treated as participating securities in calculating earnings per share. FSP No. EITF 03-6-1 was effective for the Company beginning with the first interim period of after December 15, 2008, and was applied retrospectively to all prior periods. The adoption of FSP No. EITF 03-6-1 did not have a material impact on the calculation of earnings per share.

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

	For the three months ended	
	April 3, 2009	March 28, 2008
Basic:		
Net earnings	\$ 5,376	\$ 8,868
Weighted average basic shares outstanding	25,534	25,205
Basic earnings per share	<u>\$ 0.21</u>	<u>\$ 0.35</u>
Diluted:		
Net earnings	\$ 5,376	\$ 8,868
Weighted average basic shares outstanding	25,534	25,205
Weighted average shares issuable on exercise of dilutive stock options	64	186
Weighted average diluted shares outstanding	<u>25,598</u>	<u>25,391</u>
Diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 0.35</u>

Excluded from the diluted earnings per share calculation for the three months ended April 3, 2009, are 673,421 anti-dilutive shares, based on average stock price, granted to employees. There were no anti-dilutive shares for the three months ended March 28, 2008.

13. SHARE-BASED ARRANGEMENTS

The following table summarizes share-based compensation expense recorded during each period presented:

	For the three months ended	
	April 3, 2009	March 28, 2008
Stock options	\$ 417	\$ 449
Restricted stock awards	452	357
Stock appreciation rights	(86)	(528)
Employee stock purchase plan	56	54
Total share-based compensation	<u>\$ 839</u>	<u>\$ 332</u>

Stock option activity was as follows:

	Options	Weighted average exercise price
Options outstanding at December 31, 2008	744	\$ 18.81
Granted	213	16.35
Exercised	(24)	14.79
Forfeited or expired	(9)	27.83
Options outstanding at April 3, 2009	<u>924</u>	<u>\$ 18.25</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the Three Months Ended April 3, 2009, and March 28, 2008**

(In thousands except per share amounts) (Unaudited)

13. SHARE-BASED ARRANGEMENTS (Continued)

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. The following table indicates the weighted-average assumptions used in estimating fair value:

	April 3, 2009	March 28, 2008
Expected option term	6.5 years	6.5 years
Expected volatility	47.7%	40.5%
Risk-free interest rate	2.0%	3.2%
Expected dividend yield	2.2%	1.7%
Per share fair value of options granted	\$ 6.43	\$ 9.78

Restricted Stock activity was as follows:

	Restricted Stock Awards	Weighted-average grant date fair value
Restricted Stock outstanding at December 31, 2008	150	\$ 26.39
Granted	84	16.35
Vested	(24)	22.67
Forfeited or expired	-	-
Restricted Stock outstanding at April 3, 2009	210	\$ 22.80

Stock Appreciation Rights activity was as follows:

	Stock Appreciation Rights (SAR)	Weighted average exercise price
SARs outstanding at December 31, 2008	40	\$ 10.32
Granted	-	-
Exercised	(18)	9.90
Forfeited or expired	-	-
SARs outstanding at April 3, 2009	22	\$ 10.66

Total cash paid to settle stock appreciation rights (at intrinsic value) during the three months ended April 3, 2009, and March 28, 2008, was \$122 and \$0, respectively. SARs are re-evaluated on a quarterly basis using the Black-Scholes valuation model.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended April 3, 2009, and March 28, 2008
(In thousands except per share amounts) (Unaudited)

14. SEGMENT INFORMATION

The Company is composed of five business segments, Industrial Distribution and four reporting segments within the aerospace industry: Specialty Bearings, Precision Products, Helicopters, and Aerostructures (collectively, the "Aerospace Segments"). Summarized financial information by business segment is as follows:

	For the three months ended	
	April 3, 2009	March 28, 2008
Net sales:		
Industrial Distribution	\$ 176,906	\$ 182,165
Aerospace	117,129	103,616
Net sales	<u>\$ 294,035</u>	<u>\$ 285,781</u>
Operating income:		
Industrial Distribution	\$ 2,779	\$ 9,073
Aerospace	15,297	14,616
Net gain (loss) on sale of assets	93	(110)
Corporate expense	(8,766)	(9,796)
Operating income	<u>9,403</u>	<u>13,783</u>
Interest expense, net	1,104	(1)
Other expense, net	<u>202</u>	<u>141</u>
Earnings before income taxes	8,097	13,643
Income tax expense	2,721	4,775
Net earnings	<u>\$ 5,376</u>	<u>\$ 8,868</u>
Aerospace Segments Detail		
Net sales:		
Specialty Bearings	\$ 35,767	\$ 36,079
Precision Products	20,686	24,130
Helicopters	16,364	14,614
Aerostructures	44,312	28,793
Subtotal Aerospace Segments	<u>\$ 117,129</u>	<u>\$ 103,616</u>
Operating income (loss):		
Specialty Bearings	\$ 11,912	\$ 12,968
Precision Products	253	1,805
Helicopters	1,672	858
Aerostructures	1,460	(1,015)
Subtotal Aerospace Segments	<u>\$ 15,297</u>	<u>\$ 14,616</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended April 3, 2009, and March 28, 2008
(In thousands except per share amounts) (Unaudited)

15. SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Changes in shareholders' equity for the three months ended April 3, 2009, were as follows:

Balance, December 31, 2008	\$	274,271
Net earnings		5,376
Change in pension & post-retirement benefit plans, net		367
Foreign currency translation adjustment, net		595
Unrealized gain (loss) on derivative instruments, net		(1,392)
Dividends declared		(3,583)
Employee stock plans and related tax benefit		385
Share-based compensation activity		925
Balance, April 3, 2009	\$	<u>276,944</u>

The components of comprehensive income (loss) are shown below:

	For the three months ended	
	April 3, 2009	March 28, 2008
Net income	\$ 5,376	\$ 8,868
Change in pension and post retirement benefit plans, net of tax of expense of \$225 and \$437	367	727
Foreign currency translation adjustment, net of tax expense of \$81 and tax benefit of \$310	595	238
Unrealized gain (loss) on derivative instruments, net of tax of benefit of \$853 and \$0	(1,392)	-
Total comprehensive income	<u>\$ 4,946</u>	<u>\$ 9,833</u>

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide readers of our consolidated financial statements with the perspectives of management. The MD&A presents in narrative form information regarding our financial condition, results of operations, liquidity and certain other factors that may affect our future results. This will allow our shareholders to obtain a comprehensive understanding of our businesses, strategies, current trends and future prospects. Our MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes included in our 2008 Form 10-K.

MANAGEMENT OVERVIEW

We are continuing an evaluation of our organizational and business structures. As previously discussed, we are taking into consideration various internal and external developments over the past year, as well as evaluating the nature of the financial data being reviewed by senior corporate management. This undertaking is resulting in various changes to the volume and level of detail of such information and could result in a change to our segment reporting information during 2009.

OVERVIEW OF BUSINESS

Kaman Corporation is composed of five business segments:

- Industrial Distribution, the third largest power transmission/motion control industrial distributor in North America.
- Four reporting segments within the aerospace industry:
 - o Specialty Bearings, a manufacturer of high-performance mechanical products used in aviation, marine, hydropower, and other industrial applications;
 - o Precision Products, a producer of fuzing devices and memory and measuring systems for a variety of applications;
 - o Helicopters, a provider of upgrades and support for its existing fleet as well as a subcontractor for other aerospace manufacturers; and
 - o Aerostructures, a subcontract supplier for commercial and military aircraft.

The following is a summary of key events that occurred during the first quarter of 2009:

- Our net sales increased 2.9% for the three months ended April 3, 2009 compared to the first quarter of the prior year.
- Our net earnings decreased 39.4% for the three months ended April 3, 2009 compared to the first quarter of the prior year.
- Diluted earnings per share declined to \$0.21 for the three months ended April 3, 2009, a decrease of 40% compared to the first quarter of the prior year.
- On February 12, 2009, we completed the transfer from the Commonwealth of Australia to the company of title to the 11 Australian SH-2G(A) Super Seasprite helicopters, including related inventory and equipment.
- Phillip A. Goodrich was appointed Vice President of Business Development on March 4, 2009. He has responsibility for strategy development, mergers and acquisitions, new market development activities for our existing products and services, and leading our new goal deployment initiative.

CONSOLIDATED RESULTS OF OPERATIONS

Net Sales

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net sales	\$ 294,035	\$ 285,781
\$ change	8,254	19,251
% change	2.9%	7.2%

The increase in net sales for the first quarter of 2009 as compared to the same period in 2008 was attributable to the contribution of approximately \$26.5 million in sales from the Industrial Distribution and Aerostructures acquisitions completed in 2008 and organic sales growth in our Aerostructures and Helicopters segments. These increases were partially offset by sales declines in the other Aerospace segments and Industrial Distribution. The organic sales growth in the Aerostructures and Helicopters segments was the result of increased shipments for the Sikorsky BLACK HAWK helicopter programs. In the Industrial Distribution segment, sales decreased primarily due to the significant continuing decline in sales to original equipment manufacturers ("OEM") and reduced capital spending by Maintenance, Repair and Operations ("MRO") customers, offset by the contribution of \$14.1 million in sales from the acquisition of Industrial Supply Corp. and Industrial Rubber and Mechanics Inc.

Gross Profit

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Gross profit	\$ 77,695	\$ 76,591
\$ change	1,104	1,430
% change	1.4%	1.9%
% of net sales	26.4%	26.8%

Gross profit increased for the first quarter of 2009 compared to the same period in 2008 primarily due to an increase in gross profit at our Aerostructures and Helicopters segments, offset by decreases in gross profit at our Industrial Distribution, Precision Products and Specialty Bearings segments. The decrease in gross profit at Industrial Distribution and Specialty Bearings was primarily a result of sales volume, while Precision Products was impacted by the absence of higher margin non-recurring sales recorded in the first quarter of 2008.

Selling, General & Administrative Expenses (S,G&A)

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
S,G&A	\$ 68,385	\$ 62,698
\$ change	5,687	3,503
% change	9.1%	5.9%
% of net sales	23.3%	21.9%

The increase in S,G&A for the first quarter of 2009 as compared to the same period in 2008 is primarily due to the three acquisitions made during 2008 and an increase in pension expense, offset by a decrease in Corporate expense. The decrease in Corporate expenses was driven by a reduction in Supplemental Employees' Retirement Plan ("SERP") expense as well as a reduction in expense related to other incentive compensation plans. These reductions were offset by an increase in expenses for our pension plan and stock appreciation rights. The decrease in SERP expense was caused by the absence of the settlement expense recorded in the first quarter of 2008 related to the retirement of our former CEO, while the decrease in other incentive compensation expense was driven by the lower sales volume.

Operating Income

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Operating income	\$ 9,403	\$ 13,783
\$ change	(4,380)	(2,141)
% change	-31.8%	-13.4%
% of net sales	3.2%	4.8%

The decrease in operating income in the first quarter of 2009 compared to the same period in 2008 was primarily driven by a decrease in operating income at our Industrial Distribution segment offset slightly by an increase in the operating income of our combined Aerospace segments. The decrease in operating income at our Industrial Distribution segment was due to a decrease in organic sales volume and the resulting impact on its ability to leverage its operating costs, as discussed further in the segment sections below. The increase in operating income at our combined aerospace segments was driven by the increase in operating income at our Aerostructures segment, discussed further below.

Interest Expense, Net

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Interest expense (income), net	\$ 1,104	\$ (1)

Net interest expense generally consists of interest charged on the revolving credit facility and other borrowings offset by interest income. The increase in net interest expense was primarily due to higher total average bank borrowing and lower interest income for the first quarter of 2009 compared to the same period in 2008. The higher average bank borrowings in the first quarter of 2009 was the result of increased borrowings under the revolving credit agreement and term loan agreement to fund the three acquisitions completed in 2008.

Effective Income Tax Rate

	For the three months ended	
	April 3, 2009	March 28, 2008
Effective income tax rate	33.6%	35.0%

The effective tax rate represents the combined federal, state and foreign tax effects attributable to pretax earnings for the year. We anticipate the annualized effective tax rate in 2009 to be approximately 35%.

Other Matters

The Connecticut Department of Environmental Protection ("CTDEP") has given us conditional approval for reclassification of groundwater in the vicinity of the Moosup, CT facility consistent with the character of the area. This facility is currently being held for disposal. We have substantially completed the process of connecting neighboring properties to public drinking water in accordance with such approval and in coordination with the CTDEP and local authorities. We anticipate the water connection project will be completed in 2009. Site characterization of the environmental condition of the property began in 2008 and is expected to continue during 2009.

In connection with the sale of the Music segment in 2007, we assumed responsibility for meeting certain requirements of the Connecticut Transfer Act (the "Transfer Act") that applied to our transfer of the New Hartford, Connecticut, facility leased by that segment for guitar manufacturing purposes ("Ovation"). Under the Transfer Act, those responsibilities essentially consist of assessing the site's environmental conditions and remediating environmental impairments, if any, caused by Ovation's operations prior to the sale. The site is a multi-tenant industrial park, in which Ovation and other unrelated entities lease space. The environmental assessment process began in 2008 and will continue during 2009. The estimate of our portion of the cost to assess the environmental conditions and remediate this site is \$2.2 million, unchanged from previously reported estimates.

In August 2008, we completed the purchase of the portion of the Bloomfield campus that Kaman Aerospace Corporation (of which the Helicopters segment forms a part) had leased from NAVAIR for many years. In connection with the purchase, we have assumed responsibility for environmental remediation at the facility as may be required under the Transfer Act and we continue the effort to define the scope of the remediation that will be required by the CTDEP. The assumed environmental liability of \$10.3 million was recorded by taking the undiscounted remediation liability of \$20.8 million and discounting it at a rate of 8%. This remediation process will take many years to complete.

We have accrued £1.6 million, or \$2.3 million as of April 3, 2009, for environmental compliance at our recently acquired Brookhouse facilities. We are continuing our assessment of the work that may be required. Upon completion of this assessment, or as additional information becomes available, we will review and, if necessary, adjust this accrual.

In December 2008, a workplace accident occurred at Brookhouse in which one employee died and another was seriously injured. In accordance with U.K. law, the matter is the subject of an ongoing investigation, being carried out jointly by Lancashire Police and the Health and Safety Executive ("HSE") in order to determine whether criminal charges are appropriate in this case. This investigation has not been concluded. Following the conclusion of the investigation, it is expected that there will also be proceedings before the HSE under U.K. Health and Safety legislation. We currently estimate that the total potential financial exposure of the two Brookhouse subsidiaries involved in the matter with respect to government proceedings is not likely to be material to our financial statements.

SEGMENT RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Industrial Distribution Segment

The Market

Because of our diverse customer base, our performance tends to track the U.S. Industrial Production Index. We are therefore affected, to a large extent, by the overall business climate for our customer industries and their plant capacity utilization levels, and the effect of pricing spikes and/or supply interruptions for basic commodities such as steel and oil. The strength of certain markets varied considerably by industry type during 2008, and this continued to be the case during the first quarter of 2009. While certain markets and products, such as paper manufacturing and food and beverage processing, have been less impacted, other industries have experienced significant declines, including metal and machinery manufacturing, and metals mining. Our business continues to be adversely impacted by the downturn in these industries; however, we are taking action to mitigate these negative trends through measured and appropriate cost cutting activities, continued focus on our acquisition strategy and initiatives aimed at improving both our gross and operating margins.

Our Strategy

The primary strategy for the Industrial Distribution segment is to:

1. Expand our geographic footprint in major industrial markets to enhance our position in the competition for regional and national accounts.

In order to increase our geographic footprint, we continue to explore potential acquisition candidates that are consistent with our strategic objectives. By so doing, we will more clearly establish our business as one that can provide comprehensive services to our customers who are continually looking to streamline their procurement operations and consolidate supplier relationships. During 2008 we acquired ISC and INRUMEC, which allowed us to compete in new markets and offer new products to our current customers. They also increased our size and therefore our ability to take advantage of strategic buying and incentives.

2. Broaden our product offerings to gain additional business from existing customers and new opportunities from a wider slice of the market.

In recent years, we have worked to increase market share in several less cyclical markets including the coal mining, energy and food and beverage industries. We are also expanding our presence in the power generation and utilities markets, two other less cyclical industries. We have been successful in this endeavor, as evidenced by our national account wins, and continue to target these industries. We also continued to build our government business group to service our 5-year contract with the General Services Administration Center for Facilities Maintenance and Hardware ("GSA") which allows us to supply government agencies with MRO products from our major product categories.

Results of Operations

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net Sales	\$ 176,906	\$ 182,165
\$ change	(5,259)	8,751
% change	-2.9%	5.0%
Operating Income	\$ 2,779	\$ 9,073
\$ change	(6,294)	379
% change	-69.4%	4.4%
% of net sales	1.6%	5.0%

The decrease in net sales for the first quarter of 2009 as compared to the same period in 2008 was due to a 14.7% decline in organic sales when measured on a same day sales basis, or 10.6% when compared quarter over quarter. The decrease in organic sales was due to a significant decrease in sales to OEMs and reduced capital spending by MRO customers. These decreases were partially offset by the contribution of \$14.1 million in sales from our two acquisitions which we completed in the second and fourth quarters of 2008. By industry there were significant declines in sales in the non-metallic mineral products, metal mining, machinery and fabricated metals industries which were partially offset by increases in the food and beverage and paper industries.

Operating income decreased for the first quarter of 2009 as compared to the same period in 2008 primarily due to the decrease in organic sales volume and the resulting impact on our ability to leverage our operating costs. Additionally, operating income was impacted by increases in pension plan expense, employee separation costs and insurance costs, as well as a decrease in vendor incentives. Management has taken steps to reduce operating costs including closure of the U.S. pension plan generally to new employees of the Industrial Distribution segment, effective June 1, 2009. Additionally, management is consolidating branches and closing underperforming branches, leading to a reduction in headcount. Although this will lead to increased costs in the near-term, management believes that the long-term reduction in operating costs will assist the Industrial Distribution segment to work through this economic downturn and emerge as an even more profitable business.

Combined Aerospace Segment Results

The following table presents selected financial data for our combined Aerospace segments:

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net sales:		
Specialty Bearings	\$ 35,767	\$ 36,079
Precision Products	20,686	24,130
Helicopters	16,364	14,614
Aerostructures	44,312	28,793
Total Aerospace segments	<u>\$ 117,129</u>	<u>\$ 103,616</u>
\$ change	\$ 13,513	\$ 10,500
% change	13.0 %	11.3 %
Operating (loss) income:		
Specialty Bearings	\$ 11,912	\$ 12,968
Precision Products	253	1,805
Helicopters	1,672	858
Aerostructures	1,460	(1,015)
Total Aerospace segments	<u>\$ 15,297</u>	<u>\$ 14,616</u>
\$ change	\$ 681	\$ (1,999)
% change	4.7 %	-12.0 %

Overview

The results of the combined Aerospace segments were mixed for the three months ended April 3, 2009 compared to the first quarter of 2008. The Helicopters and Aerostructures segments saw increases in both sales and operating profit. The results for the Precision Products segment was impacted by the absence of non-recurring sales recorded during the first quarter of 2008; however, this was partially offset by higher shipments of the JPF fuze to the United States Government (“USG”) and foreign militaries during the first quarter of 2009. The decrease in sales for Specialty Bearings was driven by an unfavorable Euro exchange rate, which had an impact of approximately \$0.6 million or 1.8%. Removing the impact of the unfavorable Euro exchange rate, sales for Specialty Bearings remained relatively flat in the first quarter of 2009 when compared to the same period in the prior year.

The Market

We believe the military aerospace markets will remain stable during 2009; however, as a result of the downturn in the global economy, we do not expect the commercial aerospace market to perform at its 2008 levels. We believe the effect of the downturn in the commercial aerospace market will be mitigated by our existing military work.

Our Strategy

Kaman’s strategies for the combined Aerospace segments are:

- Specialty Bearings: Maintain leadership in product technical performance and application engineering support while staying ahead of the curve in product technology enhancement, lean manufacturing techniques and lead time reduction.
- Precision Products: Become the established leader in bomb and missile fuzes, specialized memory products, precision measuring devices and electro-optic sensor systems for military and commercial applications.
- Helicopters: Leverage systems knowledge and lean manufacturing to take advantage of emerging assembly/subcontracting and after-market/retrofit opportunities as helicopter prime manufacturers focus on system design, integration, and final assembly.
- Aerostructures: Expand our global market position as a supplier of complex, composite and metallic structures and integrated subsystems for military and commercial aircraft.

Specialty Bearings Segment

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net sales	\$ 35,767	\$ 36,079
\$ change	(312)	4,100
% change	-0.9%	12.8%
Operating income	\$ 11,912	\$ 12,968
\$ change	(1,056)	2,409
% change	-8.1%	22.8%
% of net sales	33.3%	35.9%
Backlog	\$ 83,094	\$ 96,368

Net sales decreased for the first quarter of 2009 compared to the same period in 2008, primarily due to the unfavorable Euro exchange rate which impacted sales approximately \$0.6 million or 1.8%. Without the impact of the unfavorable Euro exchange rate, sales remained relatively flat in the first quarter of 2009 when compared to the same period in the prior year. Improvements in sales of products for military applications were offset by declines in the commercial product lines. These declines were primarily driven by a delay in the manufacturing of certain commercial jet liner platforms.

Operating income for the first quarter of 2009 as compared to the same period in 2008 decreased primarily due to the relatively flat sales, lower operating margin on those sales, and an increase in selling, general and administrative expense related to bid and proposal activities. The lower operating margin was driven by increases in the unit cost of products sold during the first quarter of 2009 resulting from the lower production volume during the fourth quarter of 2008. The decrease in the backlog was due to the impact of the current financial crisis on the commercial aerospace market, primarily in regional jets and helicopters, a softening of demand for aftermarket products and the ongoing efforts of customers to right size their inventory levels.

Precision Products Segment

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net sales	\$ 20,686	\$ 24,130
\$ change	(3,444)	5,630
% change	-14.3%	30.4%
Operating income	\$ 253	\$ 1,805
\$ change	(1,552)	(725)
% change	-86.0%	-28.7%
% of net sales	1.2%	7.5%
Backlog	\$ 143,841	\$ 166,547

The decrease in net sales for the first quarter of 2009 as compared to the same period in 2008 was primarily due to a decrease in shipments on our legacy fuze programs as well as the absence of \$4.1 million in non-recurring sales recorded in the first quarter of 2008. This decrease was partially offset by increased shipments of the JPF fuze to the USG and foreign militaries.

The decrease in operating income in the first quarter of 2009 as compared to the same period in 2008 was primarily due to the absence of the higher margin non-recurring sales recorded during the first quarter of 2008, partially offset by higher foreign military sales of the JPF fuze. The decrease in the backlog was a result of increased production levels on the JPF program since the first quarter of 2008. Management anticipates an increase in backlog in the second quarter of 2009, with the awarding of Option 6 of the JPF program.

Helicopters Segment

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net sales	\$ 16,364	\$ 14,614
\$ change	1,750	(2,844)
% change	12.0%	-16.3%
Operating income	\$ 1,672	\$ 858
\$ change	814	1,883
% change	94.9%	183.7%
% of net sales	10.2%	5.9%
Backlog	\$ 47,306	\$ 105,656

The increase in net sales for the first quarter of 2009 as compared to the same period in 2008 was primarily due to upgrade work on the Egyptian helicopter fleet, increases in SH-2 spare part sales volume to New Zealand and subcontract work related to the Sikorsky BLACK HAWK helicopter program. These increases were partially offset by the absence in 2009 of Australian SH-2G(A) Super Seasprite program sales of \$4.0 million due to the termination of the production and service contracts during 2008.

Operating income increased for the first quarter of 2009 as compared to the same period in 2008 primarily due to sales related to the Egyptian upgrade program, spare part sales volume to New Zealand and subcontract work, offset by the loss of margins generated by the Australian program support center sales recorded in 2008. The decrease in the backlog was a result of the termination of the SH-2G(A) Super Seasprite program with the Commonwealth of Australia. See “Other Matters – Revenue Sharing Agreement with the Commonwealth of Australia” for further discussion of the termination of these programs.

Aerostructures Segment

	For the three months ended	
	April 3, 2009	March 28, 2008
	(in thousands)	
Net sales	\$ 44,312	\$ 28,793
\$ change	15,519	3,614
% change	53.9%	14.4%
Operating income	\$ 1,460	\$ (1,015)
\$ change	2,475	(5,566)
% change	243.8%	-122.3%
% of net sales	3.3%	-3.5%
Backlog	\$ 238,932	\$ 139,371

The growth in net sales for the first quarter of 2009 compared to the same period in 2008 was primarily attributable to \$12.4 million of sales by Brookhouse Holding Ltd. (“Brookhouse”), which was acquired in June 2008. The remainder of the sales growth was due to higher production levels for the Sikorsky BLACK HAWK helicopter cockpit program and a slight increase in sales volume at the Aerostructures Wichita facility related to the work performed on its military programs. During the first quarter of 2009, the segment delivered 36 cockpits under the BLACK HAWK helicopter program, compared to 27 cockpits delivered in the first quarter of 2008.

The increase in operating income for the first quarter of 2009 as compared to the same period in 2008 was primarily due to the absence of costs recorded by our Aerostructures Wichita facility during the first quarter of 2008. These charges related to tooling and other charges recorded by the facility in support of the Sikorsky MH-92 program and certain other programs. The increase in the backlog was a result of increased orders on the Sikorsky BLACK HAWK helicopter and Boeing C-17 programs, as well as the addition of backlog related to work performed at Brookhouse.

Sikorsky

The Sikorsky BLACK HAWK helicopter cockpit program includes the manufacture of the cockpit including the installation of all wiring harnesses, hydraulic assemblies, control pedals and sticks, seat tracks, pneumatic lines, and the composite structure that holds the windscreen for cockpits on most models of the BLACK HAWK helicopter. In June 2008, Sikorsky placed an order for an additional 238 cockpits bringing total orders placed to date to 549 cockpits. The total potential value of this program is at least \$250 million, with deliveries on current orders continuing through 2010. Through April 3, 2009, a total of 319 cockpits have been delivered under this contract.

The Sikorsky Canadian MH-92 helicopter program includes the manufacture and assembly of composite tail rotor pylons. This program is being performed by our Aerostructures segment with component manufacture being done at its Wichita facility and the final assembly being performed at its Jacksonville facility. Although this program has undergone numerous customer directed design changes causing costs on this program to exceed the proposed price for the contract, management believes these incremental costs are recoverable from the customer. At April 3, 2009, negotiation for this contract had not been finalized.

The Helicopters segment also performs subcontract work for Sikorsky on their BLACK HAWK helicopter, which involves fuselage joining and installation tasks and the production of certain mechanical subassemblies.

Egypt SH-2G(E)

The Helicopters segment continues work under a program for depot level maintenance and upgrades for nine SH-2G(E) helicopters delivered to the Egyptian government during the 1990s. Through April 3, 2009, we are on contract for approximately \$51 million of work related to maintenance and upgrades. This program has a potential total contract value of approximately \$92 million.

Boeing

In 2008, the Aerostructures segment signed a long-term requirements contract with Boeing for the production of wing control surfaces (inboard and outboard flaps, slats and deceleron assemblies) for the U.S. Air Force's A-10 fleet, with initial deliveries scheduled to begin in early 2010. Full rate production is expected to begin in 2011 with an average of approximately 47 ship sets per year through 2015. This multiyear contract has a potential value in excess of \$100 million; however, annual quantities will vary, as they are dependent upon the orders Boeing receives from the U.S. Air Force.

The production of structural wing subassemblies for the Boeing C-17 continues to be important in maintaining a sufficient business base for the Jacksonville facility and will remain so until work under the A-10 program ramps up in 2010. During 2008, we received an order for an additional 30 ship sets, which will extend production under this program through 2010.

Additionally, in late 2007 we signed a seven-year follow-on contract with Boeing for the production of fixed wing trailing edge assemblies for the Boeing 777 and 767 aircraft. During 2009, on average we expect to deliver 7 ship sets per month on the Boeing 777 platform and 1 ship set per month on the Boeing 767. This multiyear contract has a potential value in excess of \$100 million; however, annual quantities will vary, as they are dependent upon the orders Boeing receives from its customers.

JPF Program

The JPF program continues to be one of Precision Product's most important programs and management believes that it has significant potential for growth. The total value of JPF contracts awarded by the USG from inception of the program through April 3, 2009 is \$194.4 million. This value primarily consists of Options 1 through 5 under the original contract and various contract modifications, including a two-phase facilitization contract modification and additional foreign military sales facilitated by the USG, as well as a variety of development and engineering contracts, along with special tooling and test equipment. We expect we will continue production under the currently awarded options through 2009 and are currently working with the USG for follow-on orders.

In 2008, we achieved our desired production level of 6,000 fuzes per quarter and were able to ship JPF fuzes to the USG in required lot sizes, and expect to continue this level of production in 2009. This consistent production capability has allowed us to meet our delivery requirements to the USG and increases our opportunity for sales to foreign customers. Our efforts to sell the JPF to foreign allied militaries are important to the ultimate success of this program and will allow us to generate further market penetration, increase sales and improve profitability. In March 2009, Precision Products produced the required number of fuzes for shipment to the USG; however, these fuzes were not delivered prior to the end of the quarter. Delivery was delayed due to a production issue associated with a component included with the fuze upon shipment. Management is currently working through this production issue and expects to ship these fuzes during the second quarter of 2009.

The facilitization program contributed to our increased production and allowed us to improve our quality and efficiency on the JPF program. The facilitization program provided us an opportunity to review production workflow to create greater efficiencies, qualify a second Kaman site for full production and create an enhanced fuze design. During the first quarter of 2009, we passed the final tests necessary to begin production of the fuze under the enhanced design, which is expected to reduce the number of technical issues and allow for a more steady state of production. We are scheduled to begin production of the enhanced design fuzes during the first half of 2009. We believe the value of these initiatives will be more fully realized in the latter half of 2009 and beyond.

Other Matters

Revenue Sharing Agreement with the Commonwealth of Australia

As previously reported, we have agreed to share proceeds from the sale of the former SH-2G (A) aircraft (along with spare parts and associated equipment) with the Commonwealth of Australia on a predetermined basis. Total payments of at least \$39.5 million (AUD) will be made to the Commonwealth regardless of sales, with at least \$26.7 million (AUD) to be paid by March 2011, and, to the extent cumulative payments have not yet reached \$39.5 million (AUD), additional payments of \$6.4 million (AUD) each in March of 2012 and 2013. In late 2008, we entered into forward contracts for the purpose of hedging these required payments. These contracts represent \$36.5 million (AUD) of the \$39.5 million (AUD) required payments and have been accounted for in accordance with Statement of Financial Accounting Standards No. 133. See Note 6, Derivative Financial Instruments, in the notes to the condensed consolidated financial statements for further discussion of these instruments and their dedesignation during the first quarter of 2009. In addition, to secure these payments, the Company has provided the Commonwealth with a \$39.5 million (AUD) unconditional letter of credit, which will be reduced as such payments are made. At April 3, 2009, the U.S. dollar value of the \$39.5 million (AUD) required payments was \$28.3 million.

Additionally, sales relative to the service center, which had been a meaningful portion of the Helicopter segment's net sales in recent years, ended at the conclusion of the support center ramp down period, which occurred during the fourth quarter of 2008.

With the successful transfer of the helicopters and related equipment to the company, segment management has attended trade events, obtained marketing licenses required by the USG and begun discussions with many potential foreign government buyers of the helicopters.

Warranty and Contract-Related Matters

There continue to be two warranty-related matters that impact the Precision Products segment's FMU-143 program. The items involved are an impact switch, embedded in certain bomb fuzes, that was recalled by a supplier and an incorrect part, called a bellows motor, found to be contained in bomb fuzes manufactured for the U.S. Army utilizing systems which originated before the FMU-143 program was acquired by Kaman. The U.S. Army Sustainment Command (USASC), the procurement agency that administers the FMU-143 contract, had authorized warranty rework for the bellows motor matter in late 2004/early 2005; however, we were not permitted to finish the rework due to issues raised by the USASC primarily related to administrative matters and requests for verification of the accuracy of test equipment (which accuracy was subsequently verified).

In late 2006, the USASC informed us that it was changing its remedy under the contract from performance of warranty rework to an "equitable adjustment" of \$6.9 million to the contract price. We responded, explaining our view that we had complied with contract requirements. In June 2007, the USASC affirmed its position but rescinded its \$6.9 million demand (stating that its full costs had not yet been determined) and gave instructions for disposition of the subject fuzes, including both the impact switch and bellows motor related items, to a Navy facility and we complied with that direction. By letter dated April 24, 2009, the United States Government has notified us that it is contemplating litigation against us, alleging liability associated with this matter and including specific claims of about \$6 million (treble damages) in connection with allegedly "false claims" by us for payment for fuzes containing the incorrect part and \$3 million in connection with rework. We believe that the allegations are unfounded and will vigorously defend ourselves should a suit be filed.

As reported previously, a separate contract dispute between the Precision Products segment and the USASC relative to the FMU-143 fuze program is now in litigation. USASC has basically alleged the existence of latent defects in certain fuzes due to unauthorized rework during production and has sought to revoke their acceptance. Management believes that the Aerospace segment has performed in accordance with the contract and it is the government that has materially breached its terms; as a result, during the fourth quarter of 2007, we cancelled the contract and in January 2008, we commenced litigation before the Armed Services Board of Contract Appeals (the "Board") requesting a declaratory judgment that our cancellation was proper. At about the same time, the USASC notified us that it was terminating the contract for default, making the allegations noted above, and we filed a second complaint with the Board appealing that termination decision. The litigation process continues.

LIQUIDITY AND CAPITAL RESOURCES

Discussion and Analysis of Cash Flows

We assess the company's liquidity in terms of our ability to generate cash to fund working capital and investing and financing activities. Significant factors affecting liquidity include: cash flows generated from or used by operating activities, capital expenditures, investments in our business segments and their programs, acquisitions, divestitures, dividends, adequacy of available bank lines of credit, and factors that might otherwise affect the company's business and operations generally, as described under the heading "Forward-Looking Statements" in this Form 10-Q.

We continue to rely upon bank financing as an important source of support for our business activities including several recent acquisitions. We believe this, when combined with cash generated from operating activities, will be sufficient to support our anticipated liquidity requirements for the foreseeable future. We anticipate a variety of items will have an impact on our liquidity during the next 12 months, aside from our normal working capital requirements. These may include the resolution of any of the matters described in MD&A, including the FMU-143 contract litigation, the guaranteed payments to the Commonwealth of Australia, the cost of environmental remediation associated with the purchase of the NAVAIR property, the operational issues at the Aerostructures Wichita facility, the Brookhouse workplace accident, future SERP payments and required pension contributions. However, we do not believe any of these matters will lead to a shortage of capital resources or liquidity that would prevent us from continuing with our business operations as expected.

We are in the process of determining, through negotiations with the Internal Revenue Service, the appropriate tax treatment related to the termination of the Australian SH-2G(A) helicopter contract and the reacquisition of the aircraft and related equipment. It is possible we could incur a 2009 tax liability of approximately \$15 million for the recapture of previously deducted tax losses. If that is the case, a commensurate increase in tax basis of the aircraft and equipment could be used to reduce taxes payable on future sales.

We are watchful of the developments in the credit markets and continuously assess the impact that current economic conditions may have on the company. Although we had success in executing a Term Loan Credit Agreement last year, the current market may adversely affect the securing of additional financing, if any, that might be necessary to continue with our growth strategy and finance working capital requirements. Additionally, with the significant downturn in the current financial markets, the market value of our pension plan assets has significantly decreased, resulting in higher pension plan contributions and a significant increase in pension expense in 2009. If these trends continue through 2009, we may experience an increase to our required pension plan contributions in 2010.

A summary of our consolidated cash flows from continuing operations is as follows:

	For the three months ended		
	April 3, 2009	March 28, 2008	09 vs. 08
	(in thousands)		
Total cash provided by (used in):			
Operating activities	\$ (3,975)	\$ (43,340)	\$ 39,365
Investing activities	(2,619)	(3,220)	601
Financing activities	9,640	923	8,717
Increase (decrease) in cash	\$ 3,046	\$ (45,637)	\$ 48,683

Net cash used in operating activities decreased \$39.4 million in the first quarter of 2009 compared to the same period in 2008, primarily due to the following:

- Decreased SERP payments due to the absence of payments made in the first quarter of 2008 to our former CEO upon his retirement.
- Decreased payments of taxes, due to the payments made in the first quarter of 2008 related to the sale of our Music segment in the fourth quarter of 2007.
- Improvements in our inventory procurement and management processes.
- Decreased cash outflows associated with incentive compensation in the first quarter of 2009 compared to the same period in 2008.

Net cash used in investing activities decreased \$0.6 million for the first quarter of 2009 compared to the same period in 2008. The decrease was primarily attributable to a decrease in cash used for the purchase of property, plant and equipment as well as a decrease in the impact of foreign currency exchange rates.

Net cash provided by financing activities increased \$8.7 million for the first quarter of 2009 compared to the same period in 2008. This increase was due to an increase in net borrowings under the Revolving Credit Agreement of \$12.2 million, offset by a decrease in the cash proceeds from the exercise of employee stock options.

Financing Arrangements

We maintain a \$200 million revolving credit facility (Revolving Credit Agreement) expiring August 4, 2010. The facility includes the availability of funding in foreign currencies as well as an “accordion” feature that provides the company the opportunity to request, subject to bank approval, an expansion of up to \$50 million in the overall size of the facility. A significant amount of this facility was used to fund the acquisition of Brookhouse in the second quarter of 2008. On October 29, 2008, we executed a Term Loan Credit Agreement (“Term Loan Agreement”) with The Bank of Nova Scotia, Bank of America, N.A., Fifth Third Bank, and RBS Citizens, N.A. (collectively the “Banks”). The Term Loan Agreement, which is in addition to our current Revolving Credit Agreement, is a \$50 million facility with a four-year term, including quarterly payments of principal at the rate of 2.5% with 62.5% of the initial aggregate principal payable in the final quarter. We may increase the term loan, up to an aggregate of \$50 million with additional commitments from the Banks or new commitments from acceptable financial institutions. Additionally, the covenants required are the same as those in place under the Revolving Credit Agreement. In conjunction with this agreement, the current Revolving Credit Agreement was amended to acknowledge the existence of the Term Loan Credit Agreement and adopt certain provisions of the Term Loan Credit Agreement.

During the first quarter of 2009, we entered into interest rate swap agreements for the purpose of hedging our eight quarterly variable-rate interest payments on the Term Loan Agreement in 2010 and 2011. These interest rate swap agreements are designated as cash flow hedges and are intended to manage interest rate risk associated with our variable-rate borrowings and minimize the negative impact of interest rate fluctuations attributable to the changes in LIBOR rates on our earnings and cash flows.

Total average bank borrowings during the first quarter of 2009 were \$103.5 million compared to \$13.4 million for 2008. As of April 3, 2009, there was \$110.0 million available for borrowing under the Revolving Credit Agreement, net of letters of credit. Letters of credit are generally considered borrowings for purposes of the Revolving Credit Agreement. A total of \$33.5 million in letters of credit was outstanding under the Revolving Credit Agreement at April 3, 2009, \$26.8 million of which was related to the guaranteed minimum payments to Australia in connection with the ownership transfer of the 11 SH-2G(A) helicopters (along with spare parts and associated equipment).

Facility fees and interest rates under the Revolving Credit Agreement are determined on the basis of the company's credit rating from Standard & Poor's. In April 2009, Standard & Poor's re-affirmed the company's rating as investment grade BBB- with an outlook of stable. We believe this is a favorable rating for a company of our size. Under the terms of the Revolving Credit Agreement, if this rating should decrease, the effect would be to increase facility fees as well as the interest rates charged. The financial covenants related to the Revolving Credit Agreement and Term Loan Agreement include a requirement that the company have i) EBITDA, at least equal to 300 percent of net interest expense, on the basis of a rolling four quarters and ii) a ratio of consolidated total indebtedness to total capitalization of not more than 55 percent. The agreement also incorporates a financial covenant which provides that if the company's EBITDA to net interest expense ratio is less than 6 to 1, the ratio of i) accounts receivable and inventory for certain Kaman subsidiaries to ii) the company's consolidated total indebtedness cannot be less than 1.6 to 1. We remained in compliance with those financial covenants as of and for the quarter ended April 3, 2009.

Other Sources/Uses of Capital

For the 2009 plan year, we contributed \$10.9 million to the qualified pension plan in April 2009 and do not expect to make any further contributions for this plan year. For the 2009 plan year, we expect to make payments of \$5.7 million for the SERP of which, payments of \$0.2 million were made in the first quarter of 2009. For the 2008 plan year, we made cash contributions of approximately \$7.0 million to our tax-qualified defined benefit pension plan. Additionally during 2008, we paid approximately \$18.0 million in SERP payments, a large portion of which were made in February and August 2008 to our former Chief Executive Officer for his final lump sum SERP payment and in November to our former Chief Financial Officer.

In November 2000, the company's board of directors approved a replenishment of the Company's stock repurchase program, providing for repurchase of an aggregate of 1.4 million common shares for use in administration of the Company's stock plans and for general corporate purposes. There were no shares repurchased during the first quarter of 2008 or 2009 under this program. At April 3, 2009, approximately 1.1 million shares were authorized for purchase under this program.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Contractual Obligations

The following table summarizes the material changes to our contractual obligations table included in our Form 10-K for the year ended December 31, 2008:

Contractual Obligations	Payments due by period (in millions)				
	Total	Within 1 year	1-3 years	3-5 years	More than 5 years
Payments to the Commonwealth of Australia (A)	\$ 28.3	\$ -	\$ 23.7	\$ 4.6	\$ -

(A) On February 12, 2009, we completed the transfer of title to the 11 SH-2G(A) Super Seasprite helicopters (along with spare parts and associated equipment) from the Commonwealth of Australia. In connection with sharing sale proceeds, as determined in the settlement agreement entered into in the first quarter of 2008, we have agreed that total payments of at least \$39.5 million (AUD) will be made to the Commonwealth regardless of sales, with at least \$26.7 million (AUD) to be paid by March 2011, and, to the extent cumulative payments have not yet reached \$39.5 million (AUD), additional payments of \$6.4 million (AUD) each in March of 2012 and 2013. As of April 3, 2009, the U.S. Dollar value of this liability was \$28.3 million.

There have been no other material changes outside the ordinary course of business in our contractual obligations during the first quarter of 2009. Please see our Form 10-K for the year ended December 31, 2008, for a discussion of our contractual obligations.

Off-Balance Sheet Arrangements

There has been no material change in the company's off-balance sheet arrangements during the first quarter of 2009. Please see the company's Form 10-K for the year ended December 31, 2008, for a discussion of such arrangements.

RECENT ACCOUNTING STANDARDS

A summary of recent accounting standards is included in Note 2, Recent Accounting Standards, of the Notes to Condensed Consolidated Financial Statements, which is included in Item 1, Financial Statements, of this Form 10-Q.

CRITICAL ACCOUNTING ESTIMATES

Preparation of the company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis and the Notes to the Consolidated Financial Statements in the company's Form 10-K for the year ended December 31, 2008, describe the significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in the company's critical accounting policies and significant estimates in 2009.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in the company's exposure to market risk during the first quarter of 2009. Please see the company's Form 10-K for the year ended December 31, 2008, for a discussion of the company's exposure to market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The company has carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of April 3, 2009. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of April 3, 2009, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file and submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Controls

There were no other changes in internal controls over financial reporting at the company that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Kaman Corporation and Subsidiaries
Part II – Other Information

Item 1A. Risk Factors

There has been no significant change in the company's risk factors during the first quarter of 2009. Please see the company's Form 10-K for the year ended December 31, 2008 for a discussion of the company's risk factors.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking information relating to the company's business and prospects, including the Aerospace and Industrial 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) the successful conclusion of competitions for government programs and thereafter contract negotiations with government authorities, both foreign and domestic; 2) political conditions in countries where the company does or intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) domestic and foreign economic and competitive conditions in markets served by the company, particularly the defense, commercial aviation and industrial production markets; 5) risks associated with successful implementation and ramp up of significant new programs; 6) management's success in resolving operational issues at the Aerostructures Wichita facility; 7) successful negotiation of the Sikorsky Canadian MH-92 program; 8) successful resale of the aircraft, equipment and spare parts obtained in connection with the Australia SH-2G (A) program termination; 9) receipt and successful execution of production orders for the JPF U.S. government contract, including the exercise of all contract options, successful negotiation of price increases with the U.S. government, and receipt of orders from allied militaries, as all have been assumed in connection with goodwill impairment evaluations; 10) satisfactory resolution of the company's litigation with the U.S. Army procurement agency relating to the FMU-143 program; 11) continued support of the existing K-MAX helicopter fleet, including sale of existing K-MAX spare parts inventory; 12) cost growth in connection with environmental remediation activities at the Bloomfield, Moosup and New Hartford, CT facilities and our U.K. facilities; 13) profitable integration of acquired businesses into the company's operations; 14) changes in supplier sales or vendor incentive policies; 15) the effects of price increases or decreases; 16) pension plan assumptions and future contributions; 17) future levels of indebtedness and capital expenditures; 18) continued availability of raw materials and other commodities in adequate supplies and the effect of increased costs therefor; 19) the effects of currency exchange rates and foreign competition on future operations; 20) changes in laws and regulations, taxes, interest rates, inflation rates, general business conditions and other factors; 21) future repurchases and/or issuances of common stock; and 22) other risks and uncertainties set forth in the company's annual, quarterly and current reports, and proxy statements. Any forward-looking information provided in this report should be considered with these factors in mind. The company assumes no obligation to update any forward-looking statements contained in this report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Purchases of Equity Securities

The following table provides information about purchases of Common Stock by the company during the three months ended April 3, 2009:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan (b)	Maximum Number of Shares That May Yet Be Purchased Under the Plan
January 1, 2009 - January 30, 2009	802	\$ 19.63	-	1,130,389
January 31, 2009 - February 27, 2009	5,767	16.35	-	1,130,389
February 28, 2009 - April 3, 2009	-	-	-	1,130,389
Total	6,569		-	

(a) These shares represent shares repurchased in connection with employee tax withholding obligations as permitted by the 2003 Stock Incentive Plan, a 16b-3 qualified plan. These are not purchases under our publicly announced program.

(b) In November 2000, our board of directors approved a replenishment of the company's stock repurchase program providing for repurchase of an aggregate of 1.4 million shares of Common Stock for use in the administration of our stock plans and for general corporate purposes.

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

The annual meeting of the company's shareholders was held at the company's Bloomfield headquarters on April 15, 2009. Following is a brief description of each matter voted upon at the meeting:

1. Election of Directors

The Board of Directors has authorized nine directors divided into three classes. At this meeting, three individuals were elected Class 1 directors, each to serve for a term of three years and until his or her successor has been elected and qualified. Opposite each person's name is the number of shares voted in favor and the number of votes withheld. There were no broker non-votes.

	<u>Name</u>	<u>In Favor</u>	<u>Vote Withheld</u>
Class 1 Directors			
	E. Reeves Callaway III	22,902,575	558,015
	Karen M. Garrison	23,248,877	211,713
	A. William Higgins	23,387,045	73,545

The Class 2 and Class 3 Directors whose terms of office as directors continued after the meeting are Brian E. Barents, Edwin A. Huston, Neal J. Keating, Eileen S. Kraus, Thomas W. Rabaut, and Richard J. Swift.

2. Ratification of KPMG LLP Appointment

A proposal to ratify the appointment of KPMG LLP as the company's auditors during the ensuing year was adopted by shareholders who voted 22,691,980 shares in favor, 745,021 against, with 23,589 abstentions and no broker non-votes.

Item 6. Exhibits

Exhibit 10g (xx)	Executive Employment Agreement dated July 7, 2008 between Kaman Aerospace Group, Inc. and Gregory L. Steiner, as amended and restated November 11, 2008.
Exhibit 10g (xxi)	Change in Control Agreement dated July 7, 2008 between Kaman Aerospace Group, Inc. and Gregory L. Steiner, as amended and restated November 11, 2008
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Kaman Corporation and Subsidiaries

Signatures

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

KAMAN CORPORATION
Registrant

Date: May 11, 2009

By: /s/ Neal J. Keating

Neal J. Keating
Chairman, President and
Chief Executive Officer
(Duly Authorized Officer)

Date: May 11, 2009

By: /s/ William C. Denninger

William C. Denninger
Senior Vice President and
Chief Financial Officer

KAMAN CORPORATION

INDEX TO EXHIBITS

Exhibit 10g (xx)	Executive Employment Agreement dated July 7, 2008 between Kaman Aerospace Group, Inc. and Gregory L. Steiner, as amended and restated November 11, 2008.	attached
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EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is effective as of July 7, 2008 (the "Effective Date") between Kaman Aerospace Group, Inc. (the "Company"), a subsidiary of Kaman Corporation (a Connecticut corporation) ("Kaman"), and Gregory L. Steiner (the "Executive"), and is amended and restated as of November 11, 2008.

W I T N E S S E T H:

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

WHEREAS, the Executive is prepared to accept such employment, subject to such terms;

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

1. EMPLOYMENT TERM.

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

2. POSITION & DUTIES.

(a) The Executive shall serve as the President of the Company under this Agreement during the Employment Term. As President of the Company, the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other duties and responsibilities as the CEO of Kaman or the Company's Board of Directors (the "Sub Board") shall designate that are consistent with the Executive's position as President of the Company.

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

(c) The Executive further agrees to serve without additional compensation as an officer and director of any of the Company's subsidiaries and agrees that any amounts received from any such corporation may be offset against the amounts due hereunder.

3. **BASE SALARY.** The Company agrees to pay the Executive a base salary (the "Base Salary") during the Employment Period at an annual rate of \$335,000 (subject to possible increase if Kaman's Board of Directors (the "Parent Board"), in its sole discretion, so determines), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly.

4. **BONUSES.** The Executive shall be eligible to participate in the Company's bonus and other short and long term incentive compensation plans and programs for the Company's senior executives at a level commensurate with the Executive's position during the Employment Term. The Executive shall have the opportunity to earn an annual target bonus measured against performance criteria to be determined by the Parent Board (or a committee thereof) of at least 50% of Base Salary as an initial target bonus opportunity as described in the terms of the Company's annual bonus plan as then in effect. Except as provided under Section 8 of the Agreement, the Executive shall receive payments with respect to the plans and programs described in this Section 4 in accordance with the terms of such plans and programs.

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

6. **EMPLOYEE BENEFITS.**

(a) **BENEFIT PLANS.** The Executive shall be entitled to participate in all employee benefit plans of the Company including, but not limited to, pension, thrift, profit sharing, medical coverage, education, other retirement or welfare benefits and perquisites (as approved by the Committee) that the Company has adopted or may adopt, maintain or contribute to for the benefit of its senior executives at a level commensurate with the Executive's position subject to satisfying the applicable eligibility requirements.

(b) **VACATION.** The Executive shall be entitled to at least 5 weeks paid vacation per year. Vacation may be taken at such times as the Executive elects with due regard to the needs of the Company. Unused vacation at the end of a calendar year shall be forfeited according to the Company's vacation policy.

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

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

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

(f) **LIFETIME LIFE INSURANCE.** The Executive shall participate under the Senior Executive Life Insurance Program. Regardless of the reason for the termination of the Employment Term hereunder, the Company shall continue to make regular periodic life insurance policy premium payments for the remainder of the Executive's life (or, if earlier, when the policy becomes fully paid as a result of regular periodic premium payments) under the terms of the Senior Executive Life Insurance Program, it being understood that the Executive must retire from active employment with the Corporation at or after age 62 (or such earlier age as may be designated by the Board or the Committee) under the Kaman Corporation Employees' Pension Plan (or its successor) to qualify for lifetime coverage.

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

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

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

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

(d) **WITHOUT CAUSE.** Upon written notice by the Company to the Executive of an involuntary termination without Cause and other than due to death or Disability.

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

(1) the Company removing the Executive from the position of President of the Company (other than for Cause);

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

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

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

(5) the assignment of duties to the Executive that are materially inconsistent with the Executive's position as President of the Company; or

(6) the Executive no longer being a direct report to the CEO of Kaman prior to a Change in Control (as defined in the Change in Control Agreement).

Notwithstanding the foregoing, (i) a suspension of the Executive's title and authority while on administrative leave due to a reasonable belief that the Executive has engaged in misconduct, whether or not the suspected misconduct constitutes Cause for employment termination, shall not be considered "Good Reason"; provided that if such leave is unpaid and either the Executive returns to full-time employment under this Agreement or it is subsequently determined the Executive's employment is to be terminated without Cause, then the compensation and benefits that would have been payable during such leave will be paid as soon as reasonably practicable with interest at the prime rate beginning as of the date such leave commenced plus 100 basis points; (ii) a condition shall not be considered Good Reason if the Executive does not provide written notification to the Company of the existence of a condition described above in clauses (1) – (6) above within 90 days following the initial existence of such condition, and (iii) prospective changes to employee benefits (as defined in Section 6) for future employment made on an across-the-board basis to all similarly situated executives of the Company and its subsidiaries shall not be considered Good Reason.

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

(g) **RETIREMENT.** Upon remaining employed with the Company until at least the attainment of age 65 (the "Retirement Eligibility Date"). Nothing herein shall be construed as limiting the Executive's right, if any, to terminate employment prior to the Retirement Eligibility Date and receive compensation and benefits, as applicable, provided under the respective terms of the Company's benefit plans.

8. **CONSEQUENCES OF TERMINATION.** Any termination payments made and benefits provided under this Agreement to the Executive shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or its affiliates as may be in effect from time to time including but not limited to the Change in Control Agreement. For purposes of determining the date on which to make payments under this Section 8, a termination of employment shall only occur upon the Executive's "separation from service" within the meaning of Section 409A of the Code and as determined after applying the presumptions set forth in Treas. Reg. Section 1.409A-1(h)(1). Except to the extent otherwise provided in this Agreement, all benefits, including, without limitation, stock options, stock appreciation rights, restricted stock units and other awards under the Company's long-term incentive programs, shall be subject to the terms and conditions of the plan or arrangement under which such benefits accrue, are granted or are awarded. Subject to Section 9, the following amounts and benefits shall be due to the Executive.

(a) **DISABILITY.** Upon employment termination due to Disability, the Company shall pay or provide the Executive (i) any unpaid Base Salary through the date of termination and any accrued vacation in accordance with Company policy; (ii) any unpaid bonus or other short-term and long-term incentive compensation as described in Section 4 above earned with respect to any completed fiscal year; (iii) reimbursement for any unreimbursed expenses incurred through the date of termination; (iv) all other payments and benefits to which the Executive may be entitled under the terms of any applicable compensation arrangement or benefit, equity or perquisite plan or program or grant or this Agreement, including but not limited to any applicable pension, retirement and insurance benefits (collectively, "Accrued Amounts"). The Executive will also be paid a pro-rata portion of the Executive's annual bonus for the performance year in which the Executive's termination occurs, payable at the time that annual bonuses are paid to other senior executives (determined by multiplying the amount the Executive would have received upon target performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365).

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

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

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

(1) Accrued Amounts;

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

(3) an amount equal to the product of two times the sum of (i) the Executive's then current Base Salary and (ii) the most recent annual bonus paid to the Executive (or awarded by the Parent Board or the Committee for the preceding calendar year if not then paid), payable in a single lump sum within 30 days after employment termination. Notwithstanding the foregoing, if the Executive terminates employment within two years of his Retirement Eligibility Date, the lump sum amount described in the immediately preceding sentence shall be reduced by multiplying it by a fraction, the numerator of which is the number of days from the Executive's employment termination date until the Retirement Eligibility Date, and the denominator of which is 730;

(4) (x) each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination that was granted with a performance period beginning on or prior to January 1, 2009 (and except as provided in clause (y) below, with respect to any such award granted with a performance period beginning after January 1, 2009) shall be deemed fully vested and fully earned and then shall be cancelled in exchange for an amount payable in cash 30 days after employment termination equal to 100% of the target value of such award multiplied by a fraction, the numerator which is the number of days the Executive remained employed with the Company during the award's performance period and the denominator of which is the total number of days during the award's performance period; and (y) to the extent necessary for such compensation to qualify as "performance-based compensation" under Section 162(m) of the Code, each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination that was granted with a performance period beginning after January 1, 2009 shall be payable in cash, at the time that any such long-term performance award is paid to other senior executives, such payment to be made on a pro-rata basis (determined by multiplying the amount the Executive would have received based upon actual financial performance had employment continued through the end of the performance period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during the award's performance period and the denominator of which is the total number of days during the award's performance period);

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

(6) subject to the Executive's continued co-payment of premiums, if required under Company policy, continued participation for 24 months but in no event later than the Retirement Eligibility Date in all medical, dental and vision plans which cover the Executive (and eligible dependents) on a monthly basis upon the same terms and conditions (except for the requirements of the Executive's continued employment) in effect for active employees of the Company. In the event the Executive obtains other employment that offers substantially similar or improved benefits, as to any particular medical, dental or vision plan, such continuation of coverage by the Company for such similar or improved benefit under such plan under this subsection shall immediately cease. The continuation of health benefits under this subsection shall reduce and count against the Executive's rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). The parties intend that the first 18 months of continued medical, dental and vision coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that the remaining portion of such coverage shall qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv); and

(7) the Company shall continue to pay all premiums on the life insurance coverage issued to the Executive for 24 months but in no event later than the Retirement Eligibility Date in the event that the Executive does not qualify for lifetime life insurance coverage under Section 6(f).

(e) RETIREMENT. If the Executive terminates employment on or following the Executive's Retirement Eligibility Date, the Company shall pay to the Executive:

(1) any Accrued Amounts;

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

(3) (x) each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination that was granted with a performance period beginning on or prior to January 1, 2009 (and except as provided in clause (y) below, with respect to any such award granted with a performance period beginning after January 1, 2009) shall be deemed fully vested and fully earned and then shall be cancelled in exchange for an amount payable in cash 30 days after employment termination equal to 100% of the target value of such award multiplied by a fraction, the numerator which is the number of days the Executive remained employed with the Company during the award's performance period and the denominator of which is the total number of days during the award's performance period; and (y) to the extent necessary for such compensation to qualify as "performance-based compensation" under Section 162(m) of the Code, each cash-based long-term performance award for which the performance period has not yet been completed as of the date of such termination that was granted with a performance period beginning after January 1, 2009 shall be payable in cash, at the time that any such long-term performance award is paid to other senior executives, such payment to be made on a pro-rata basis (determined by multiplying the amount the Executive would have received based upon actual financial performance had employment continued through the end of the performance period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during the award's performance period and the denominator of which is the total number of days during the award's performance period);

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

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

(f) ACCELERATION OF EQUITY AWARDS. If the Executive's employment by the Company is terminated by the Company for Disability (as defined in Section 7(a)) or without Cause (as defined in Section 7(c)), or by the Executive for Good Reason (as defined in Section 7(e)), Retirement (as defined in Section 7(g)) or due to death, all then outstanding unvested equity awards granted to the Executive (for example, stock options, stock appreciation rights and restricted stock), whether under this Agreement or otherwise, will fully vest and become non-forfeitable and remain exercisable in accordance with the terms of the applicable Company plans. Notwithstanding the foregoing, to the extent that any unvested equity award is intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, based solely on a vesting condition requiring achievement of one or more performance goals with respect to a performance period beginning after January 1, 2009, and the Executive's employment is terminated under Section 8(d) (without Cause or for Good Reason) or under Section 8(e) (Retirement), then the number of shares that will vest due to such event shall equal the number of shares the Executive would have received based upon actual performance had employment continued through the end of the performance period multiplied by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award's performance period and the denominator of which is the total number of days during such award's performance period.

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT. Notwithstanding anything to the contrary set forth in this Agreement, if the Executive's employment with the Company is terminated under circumstances that result in the payment of "Severance Payments" under the Executive's Change in Control Agreement, the Severance Payments under the Executive's Change in Control Agreement shall be in lieu of any severance benefits otherwise payable to the Executive under this Section 8.

(h) TIMING OF BONUSES AND CERTAIN CASH-BASED LONG-TERM PERFORMANCE AWARDS. Reference to paying a pro-rata bonus or a pro-rata cash-based long-term performance award under Section 8 at the same time as such compensation is paid to other senior executives shall mean the payment date as determined under the terms of the Company's annual bonus plan or cash-based long term performance program then in effect. Notwithstanding anything to the contrary in this Section 8, the pro-rata annual bonus for the performance year of termination (under Section 8(a) (in the event of Disability), Section 8(b) (in the event of death), Section 8(d) (in the event of termination without Cause or for Good Reason) or Section 8(e) (in the event of Retirement) and the pro-rata cash-based long-term performance award, if any, for any outstanding performance period at the time of employment termination (under Section 8(d) (in the event of termination with Cause or for Good Reason) or Section 8(e) (in the event of Retirement)) shall not be paid earlier than the first business day after the date that is six-months following the date of the Executive's termination of employment in the event that annual bonuses paid to other senior executive for that year are not paid by March 15th of the calendar year immediately following the calendar year in respect of which such bonuses are earned. To the extent that payment of the pro-rata portion of the annual bonus, cash-based long-term performance award, or both as provided for herein is so delayed, such payment shall be credited with interest at the short-term applicable federal rate under Section 1274 of the Code, determined as of March 15th of the year following such termination, from such March 15th to the date that such payment is made to the Executive hereunder.

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

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

(b) delivery to the Company of an executed Agreement and General Release (the "General Release"), which shall be substantially in the form attached hereto as Appendix A (with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose) within 21 days (42 days in the case of an employment termination due to Disability) of presentation thereof by the Company to the Executive (which presentation by the Company shall be made no later than two (2) business days following the date of employment termination as determined under Section 8), which is not subsequently revoked; and

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

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

Notwithstanding the due date of any post-employment payments, any amounts or benefits due following an Executive's employment termination under this Agreement (other than Accrued Amounts) shall not be due until after the expiration of any revocation period applicable to the General Release without the Executive having revoked such General Release. If the Executive fails to return an executed General Release to the Company within such 21-day period (42-day period in the case of an employment termination due to Disability), or the Executive subsequently revokes such timely release, the Company shall not have any obligation to pay any amounts or benefits under Section 8 of this Agreement. The Executive shall provide the General Release in the same manner as written notice is provided to the Company under Section 13 below.

Nevertheless (and regardless of whether the General Release has been executed by the Executive), upon any termination of Executive's employment, Executive shall be entitled to receive any Accrued Amounts, payable within thirty (30) days after the date of termination of employment or in accordance with the applicable plan, program or policy. In the event that the Executive dies before all payments pursuant to this Section 9 have been paid, all remaining payments shall be made to the beneficiary specifically designated by the Executive in writing prior to the Executive's death, or, if no such beneficiary was designated (or the Company is unable in good faith to determine the beneficiary designated), to the Executive's personal representative or estate.

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

11. POST-EMPLOYMENT OBLIGATIONS

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

(b) NON-SOLICITATION. In the event that the Executive receives severance benefits under Section 8(d) of this Agreement, the Executive agrees that for the two (2) year period following the date of termination the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of Kaman or the Company or any of their subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with Kaman or the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Kaman or Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 11(b).

(c) NON-COMPETITION. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive’s performance of such services to a competing business will result in irreparable harm to Kaman and the Company. Accordingly, in the event that the Executive receives severance benefits under Section 8(d) of this Agreement, the Executive agrees that for a period of two (2) years following the date of termination, but not later than the Executive’s Retirement Eligibility Date, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of Kaman or the Company within the geographical area in which the business of Kaman or the Company is conducted.

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

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

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

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

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

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

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

12. NO ASSIGNMENT.

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

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

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

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

If to the Company:

Kaman Corporation
1332 Blue Hills Avenue, P.O. Box 1
Bloomfield, CT 06002
Attention: Chief Legal Officer
Facsimile No.: 860 243-7397

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

14. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Except as provided in the last sentence of Section 15 hereof, if there is any inconsistency between this Agreement and any other agreement (including but not limited to any option, stock, long-term incentive or other equity award agreement), plan, program, policy or practice (collectively, "Other Provision") of the Company the terms of this Agreement shall control over such Other Provision.

15. PRIOR AGREEMENTS. This Agreement supersedes and replaces any and all prior employment agreements (collectively, the "Prior Agreements") between the Company and the Executive. By signing this Agreement, the Executive acknowledges that the Prior Agreements are terminated and cancelled, and releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of such Prior Agreements, it being the intention of the parties hereto that this Agreement effective immediately shall supersede and be in lieu of the Prior Agreements. It is specifically acknowledged by the Company that this Agreement does not supersede the Change in Control Agreement or any existing employee benefits as described in Section 6 above or otherwise provided by the Company or its affiliates.

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

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

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

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

20. **PAYMENT OF COMPENSATION.** The parties intend that the benefits and payments provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Executive for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code.

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

KAMAN AEROSPACE GROUP, INC.

By: /s/ W. C. Denninger
William C. Denninger

Its: Vice President and Treasurer

Date: 12/15/08

GREGORY L. STEINER

/s/ Gregory L. Steiner

Date: 12/17/08

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

1. Last Day of Employment. Executive's last day of employment with Employer is _____. In addition, effective as of DATE, Executive resigns from the Executive's position as President of Kaman Aerospace Group, Inc. and will not be eligible for any benefits or compensation after _____, including payments under the Executive's Change in Control Agreement, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive effective as of January 1, 2007 (the "Employment Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.

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

3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Legal Officer, or his/her designee, or mailed to Kaman Aerospace Group, Inc. c/o Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention: Chief Legal Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.

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

- Title VII of the Civil Rights Act of 1964, as amended;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974, as amended;
- The Immigration Reform and Control Act, as amended;

- The Americans with Disabilities Act of 1990, as amended;
- The Age Discrimination in Employment Act of 1967, as amended;
- The Older Workers Benefit Protection Act of 1990;
- The Worker Adjustment and Retraining Notification Act, as amended;
- The Occupational Safety and Health Act, as amended;
- The Family and Medical Leave Act of 1993;
- Any wage payment and collection, equal pay and other similar laws, acts and statutes of the State of Connecticut;
- Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance;
- Any public policy, contract, tort, or common law; or
- Any allegation for costs, fees, or other expenses including attorneys fees incurred in these matters.

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

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

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

7. Cooperation; Return of Property. In accordance with Section 11(f) of the Employment Agreement, Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. Employee represents that Executive has complied with Section 11(e) of the Employee Agreement regarding the return of property.

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

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

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

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

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

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

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

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

KAMAN AEROSPACE GROUP, INC.

By: _____

Name:

Title: _____

Date: _____

GREGORY L. STEINER

Date: _____

KAMAN AEROSPACE GROUP, INC.
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, is made effective as of July 7, 2008 (the "Effective Date"), by and between Kaman Aerospace Group, Inc. (the "Company"), a subsidiary of Kaman Corporation, a Connecticut corporation (the "Parent Company"), and Gregory L. Steiner (the "Executive"), and is amended and restated as of November 11, 2008.

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continued employment of key management personnel; and

WHEREAS, in furtherance of this objective, the Company and Executive have executed an Employment Agreement dated as of June 7, 2008 with the terms of such agreement beginning June 7, 2008 (the "Effective Date"); and

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

1. **Defined Terms.** Definitions of capitalized terms used in this Agreement are provided in the last Section of this Agreement.
2. **Term.** This Agreement shall terminate on the fifth anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the fourth anniversary of the Effective Date or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall expire at the end of the then-current term. Notwithstanding any such notice, the term of this Agreement shall not expire before the second anniversary of a Change in Control that occurs within the term of this Agreement. The initial term of this Agreement, as it may be extended under this Section 2, is herein referred to as the "Term."
3. **Company's Covenants Summarized.** In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's continued employment, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described in this Agreement. Except as provided in Section 5.1 of this Agreement, no Severance Payments (as defined in Section 5) shall be payable under this Agreement unless there shall have been a termination of the Executive's employment with the Company following a Change in Control. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. Compensation Other Than Severance Payments.

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

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

5. Severance Payments.

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

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

- (b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a “deferral of compensation” under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a “limited payment” of an “in kind” benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a “reimbursement or in-kind benefit plan” under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive’s taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.
- (c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Parent Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an “LTIP Award”) shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award; provided, however that, if necessary for such compensation to qualify as “performance-based compensation” under Section 162(m) of the Code, an unvested Post January 1, 2009 Award (as defined herein) shall only vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award’s performance period and the denominator of which is the total number of days during such award’s performance period. For purposes of this Section 5.1(c), a “Post January 1, 2009 Award” shall mean an LTIP Award intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code with a performance period beginning after January 1, 2009.

- (d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the "Pension Plans") or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional two years of "Credited Service" and "Continuous Service" (as defined in the Kaman Corporation Amended and Restated Employees' Pension Plan) when calculating the Executive's benefit under Post-2004 Kaman Corporation Supplemental Employees Retirement Plan ("SERP"). The enhancement to the SERP provided under this Section 5.1(d) shall be paid at the same time and in the same manner as other benefits provided to the Executive under the SERP. For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive's Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) for purposes of calculating the benefits payable under the SERP as modified by this Section 5.1(d).
- (e) If the Executive would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.
- (f) The Company (i) shall prepay all remaining premiums under any insurance policy maintained by the Company insuring the life of the Executive that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive.
- (g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars (\$30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive's first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a "deferral of compensation" for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).
- (h) The Executive shall be entitled to the Company automobile provided to the Executive immediately prior to employment termination under this Section 5.1 at no cost for a period of six months after employment termination (the "Car Lease Benefit"). Notwithstanding the foregoing, the Executive must pay the Company for the fair market value of the Car Lease Benefit to the extent that it, when added to the cost of continued accidental death and dismemberment coverage under Section 5.1(b) during this six month period, exceeds the applicable dollar amount under Section 402(g)(1)(B) of the Code. It is intended that the Car Lease Benefit qualify as a "limited payment" of an "in-kind" benefit under Treas. Reg. Sect. 1.409A-1(a)(9)(v)(C) and (D). The Company shall continue to maintain an insurance policy that will cover the Executive's use during the period of the Car Lease Benefit.
- (i) On the first business day following expiration of the Car Lease Benefit, the Company shall transfer all of its then current rights to the Company automobile described in Section 5.1(h) above to the Executive.
- (j) The Executive acknowledges that the Car Lease Benefit (less payments by the Executive, if any) and the Company's transfer of its rights to the Company automobile to the Executive will constitute taxable compensation reportable by the Company on IRS Form W-2.

- (a) If any payments, rights or benefits (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement of Executive with the Company or with any person affiliated with the Company and whether or not the Executive's employment has then terminated (the "Payments")) received or to be received by Executive will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), then, except as set forth in Section 5.2(b) below, the Company shall pay to Executive an amount in addition to the Payments (the "Gross-Up Payment") as calculated below. The Gross-Up Payment shall be in an amount such that, after deduction of any Excise Tax on the Payments and any federal, state and local income and employment tax and Excise Tax on the Gross-Up Payment, but before deduction for any federal, state or local income and employment tax on the Payments, the net amount retained by the Executive shall be equal to the Payments.
- (b) Notwithstanding anything in this Agreement to the contrary, if the amount of Payments that will be subject to the Excise Tax does not exceed the amount of Payments that Executive could receive without having any Payments become subject to the Excise Tax by at least \$100,000, then Executive's taxable cash-based benefits under this Agreement will first be reduced in the order selected by Executive, and then, if necessary, Executive's equity-based compensation (based on the value of such equity-based compensation as a "parachute payment" as defined in Treasury Regulations promulgated under Section 280G of the Code and IRS revenue rulings, revenue procedures and other official guidance) shall be reduced in the order selected by Executive, and then any other Payments shall be reduced as reasonably determined by the Company, to the extent necessary to avoid imposition of the Excise Tax. If Executive does not select the amount to be reduced within the time prescribed by the Company, the reductions specified herein shall be made by the Company in its sole discretion from such compensation as it shall determine. Any amount so reduced shall be irrevocably forfeited and Executive shall have no further rights to receive it.
- (c) The process for calculating the Excise Tax, determining the amount of any Gross-Up Payment and other procedures relating to this Section 5.2 are set forth in Appendix A attached hereto. For purposes of making the determinations and calculations required herein, the Consultant may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Consultant shall make such determinations and calculations on the basis of "substantial authority" (within the meaning of Section 6662 of the Code) and shall provide opinions to that effect to both the Company and Executive.

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

5.4 The Company shall pay the cash amounts described in subsections (a) and (c)(iii) of Section 5.1 and shall provide the benefits described in Section 5.1(f) and (i) to the Executive on the first business day after the date that is six months following the Date of Termination; provided, however, that in the case of a Post January 1, 2009 Award under Section 5.1(c)(iii), the date for payment shall be the later of (a) the date that such award is generally paid to other senior executives and (b) the date that is the first business day after the date that is six months after the Date of Termination. The cash amounts described in subsections (a) and (c)(iii) of Section 5 shall be paid with interest at the applicable federal rate under Section 1274 of the Code determined as of the Date of Termination. In addition, to the extent that payment of the pro-rata portion of the annual bonus provided for in Section 4.1 is delayed until the date that it is the first business day after the date that is six months following the Date of Termination as described above, the pro-rata bonus payment shall be credited with interest at the short-term applicable federal rate under Section 1274 of the Code determined as of March 15th of the year following such termination from such March 15th to the date that payment is made to the Executive hereunder. If payments are not made in the time frame required by this subsection, interest on the unpaid amounts will accrue at 120% of the rate provided in Section 1274(b)(2)(B) of the Code determined as of the first day following the time frame provided for herein until the date such payments are actually made. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from the Consultant or other advisors (and any such opinions or advice which are in writing shall be attached to the statement).

5.5 Coordination with Employment Agreement.

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

6. Termination Procedures and Compensation During Dispute.

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

6.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). For purposes of determining the date on which to make the severance payments described under Section 5.4, a "Date of Termination" shall only occur upon the Executive's "separation from service" within the meaning of Section 409A of the Code and as determined after applying the presumptions set forth in Treas. Reg. Section 1.409A-1(h)(1).

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

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

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

8. Successors; Binding Agreement.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms.

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

9. Notice.

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

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

If to the Company: Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002 - Attention: Chief Legal Officer (Facsimile No.: 860 243-7397), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Obligations after the Date of Termination.

- (a) Confidentiality. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's employment and for the benefit of the Parent Company and the Company, at any time following the Date of Termination, any nonpublic, proprietary or confidential information, knowledge or data relating to the Parent Company or the Company, any of their subsidiaries, affiliated companies or businesses, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Parent Company and the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Parent Company and the Company at their expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, the Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.
- (b) Non-Solicitation. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Parent Company or the Company or any of their subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Parent Company or the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Parent Company or Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).

- (c) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Parent Company and the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Parent Company or the Company within the geographical area in which the business of the Parent Company or the Company is conducted.
- (d) Non-Disparagement. Each of the Executive and the Company (for purposes hereof, "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates (including parents and subsidiaries), officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 10(d).
- (e) Return of Company Property and Records. The Executive agrees that upon termination of the Executive's employment, for any cause whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive's employment with the Company.
- (f) Cooperation. The Executive agrees that, following termination of the Executive's employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Parent Company and the Company with regard to any matter or project in which the Executive was involved during the Executive's employment, including any litigation. The Company shall compensate the Executive for any lost wages (or, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and expenses associated with such cooperation and assistance.
- (g) Assignment of Inventions. The Executive will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called "Inventions"), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive's right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

- (h) Equitable Relief and Other Remedies. The parties acknowledge and agree that the other party's remedies at law for a breach or threatened breach of any of the provisions of this Section would be inadequate and, in recognition of this fact, the parties agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the other party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.
- (i) Reformation. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.
- (j) Survival of Provisions. The obligations contained in this Section 10 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

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

- (a) compliance with the provisions of Section 10 hereof;
- (b) delivery to the Company of an executed Agreement and General Release (the "General Release"), which shall be substantially in the form attached hereto as Appendix B (with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose) within 21 days of presentation thereof by the Company to the Executive (which presentation shall be made by the Company no later than two (2) business days following the Date of Termination); and
- (c) delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans with the General Release.

If the Executive fails to return an executed General Release to the Company within such 21-day period, or the Executive subsequently revokes such timely release, the Company shall not have any obligation to pay any amounts or benefits under Section 5 of this Agreement. The Executive shall provide the General Release in the same manner as providing written notice to the Company under Section 9 above.

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and a member of the Board or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

13. Validity; Counterparts. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Prior Agreements. This Agreement supersedes and replaces the Prior Agreement. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. By signing this Agreement, the Executive releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of the Prior Agreement.
15. Coordination with Employment Agreement. In the event that the Executive receives compensation or benefits under the Executive's Employment Agreement and thereafter becomes entitled to similar compensation or benefits under this Agreement, the compensation and benefits paid or provided under the Employment Agreement shall be an offset against the similar compensation and benefits payable or to be provided under this Agreement.
16. Settlement of Disputes. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
17. Arbitration. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Hartford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.
18. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:
- (a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
 - (b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
 - (c) "Board" shall mean the Board of Directors of the Company.

(d) “Cause” for termination by the Company of the Executive’s employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Parent Company, the Company, or their subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.

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

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

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

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

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

(v) a Sale of the Company.

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

- (f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.
- (g) "Company" shall mean Kaman Aerospace Group, Inc. and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets.
- (h) "Consultant" shall have the meaning set forth in Appendix A of this Agreement.
- (i) "Date of Termination" shall have the meaning set forth in Section 6.2 of this Agreement.
- (j) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.
- (k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (l) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.
- (m) "Executive" shall mean the individual named in the preamble to this Agreement.
- (n) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control (if more than one Change in Control has occurred, any reference to a Change in Control in this subsection (n) shall refer to the most recent Change in Control), of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (i), (v), (vi), or (vii) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:
 - (i) the assignment to the Executive of any duties inconsistent with the Executive's status as President of the Company or a substantial diminution in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;

- (ii) a reduction by the Company in the Executive's annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;
- (iii) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to the Change in Control or the Company's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;
- (iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;
- (v) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation (including, but not limited to, the Kaman Corporation Compensation Administration Plan, Kaman Corporation Cash Bonus Plan, and Kaman Corporation 2003 Stock Incentive Plan), unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;
- (vi) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's life insurance, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control, the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control, provided, however, that this paragraph shall not be construed to require the Company to provide the Executive with a defined benefit pension plan if no such plan is provided to similarly situated executive officers of the Company or its Affiliates;
- (vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or
- (viii) the failure of any successor to Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms prior to the effectiveness of any such succession.

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

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

- (o) "Gross-Up Payment" shall have the meaning set forth in Section 5.2 of this Agreement.
- (p) "Management Buyout" means any event or transaction which would otherwise constitute a Change in Control (a "Transaction") if, in connection with the Transaction, the Executive, members of the Executive's immediate family, and/or the "Executive's Affiliates" (as defined below) participate, directly or beneficially, as an equity investor in, or have the option or right to acquire, whether or not vested, equity interests of, the acquiring entity or any of its Affiliates (the "Acquiror") having a percentage interest therein greater than 1%. For purposes of the preceding sentence, a party shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the party of an incentive compensation award under one or more incentive plans of the Acquiror (including, but not limited to, the conversion in connection with the Transaction of incentive compensation awards of the Parent Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other employees of the Company at a comparable level as such party immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title and the like, or (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other shareholders of the Parent Company or (iii) the party's interests in any tax-qualified defined benefit or defined contribution pension or retirement plan in which such party or any family member is a participant or beneficiary. The "Executive's Affiliates" at any time consist of any entity in which the Executive and/or members of the Executive's immediate family then own, directly or beneficially, or have the option or right to acquire, whether or not vested, greater than 10% of such entity's equity interests, and all then current directors and executive officers of the Parent Company and the Company who are members of any group, that also includes the Executive, a member of the Executive's immediate family and/or any such entity, in which the members have agreed to act together for the purpose of participating in the Transaction. The Executive's immediate family consists of the Executive's spouse, parents, children and grandchildren.
- (q) "Merger" means a merger, share exchange, consolidation or similar business combination under applicable law.
- (r) "Notice of Termination" shall have the meaning set forth in Section 6.1 of this Agreement.
- (s) "Parent Company" shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Parent Company has occurred, shall include any successor to its business and/or assets.

- (t) "Payments" shall have the meaning set forth in Section 5.1 of this Agreement.
- (u) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Parent Company or the Company or any of their direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Parent Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.
- (v) "Sale of the Company" shall mean a sale of all or substantially all of the securities or all or substantially all of the assets of the Company or the Merger of the Company with or into any Person, other than a Merger which would result in the voting securities of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger and generally entitled to vote in the election of directors of the Company or such surviving entity or parent thereof.
- (w) "Subsidiary" shall mean any corporation within the meaning of Section 424(f) of the Code.
- (x) "Term" shall mean the period of time described in Section 2 of this Agreement.

19. Payment of Compensation.

The parties intend that the benefits and payments provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Executive for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code. References to paying an annual bonus at the same time as paid to other senior executives shall mean that the payment date is to be determined under the terms of the Company's annual bonus plan or program then in effect.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Kaman Aerospace Group, Inc.

By: /s/ W. C. Denninger
 Its: William C. Denninger
 Vice President and Treasurer

12/15/08
 Date

EXECUTIVE

/s/ Gregory L. Steiner

12/17/08
 Date

Gregory L. Steiner

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 5.2 of this Agreement, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by an accounting firm (the "Consultant") selected in accordance with Paragraph 2 below. The Consultant shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the event that results in the potential for an excise tax liability for the Executive, which could include but is not limited to a Change in Control and the subsequent vesting of any cash payments or awards, or the Executive's termination of employment, or such earlier time as is required by the Company. The initial Gross-Up Payment, if any, as determined pursuant to this Paragraph 1, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Consultant's determination, but in no event later than the end of the calendar year next following the calendar year in which the related taxes are remitted to the applicable taxing authorities. If the Consultant determines that the Executive is not subject to Excise Tax, it shall furnish the Executive with a written report indicating that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Consultant shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Consultant hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph 3 below and Executive thereafter is required to make a payment or additional payment of any Excise Tax, the Consultant shall determine the amount of the Underpayment that has occurred and any such Underpayment, increased by all applicable interest and penalties associated with the Underpayment, shall be promptly paid by the Company to or for the benefit of Executive. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes on earned income at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination, (or the date of the Change in Control if the Executive is subject to Excise Tax prior to the issuance of a Notice of Termination) net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

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

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

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

APPENDIX B

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

Kaman Aerospace Group, Inc., its affiliates, parents, subsidiaries, divisions, successors and assigns in such capacity, and the current, future and former employees, officers, directors, trustees and agents thereof (collectively referred to throughout this Agreement as "Employer"), and Gregory L. Steiner ("Executive"), the Executive's heirs, executors, administrators, successors and assigns (collectively referred to throughout this Agreement as "Employee") agree:

1. Last Day of Employment. Executive's last day of employment with Employer is _____. In addition, effective as of DATE, Executive resigns from the Executive's position as President of Kaman Aerospace Group, Inc. and will not be eligible for any benefits or compensation after _____, including payments under the Executive's Employment Agreement, other than as specifically provided under the Change in Control Agreement between Employer and Executive effective as of January 1, 2007 (the "Change in Control Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.
2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 11 of the Change in Control Agreement.
3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Legal Officer, or his/her designee, or mailed to Kaman Aerospace Group, Inc., c/o Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention: Chief Legal Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.
4. General Release of Claim. Subject to the full satisfaction by the Employer of its obligations under the Change in Control Agreement, Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer, Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

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

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

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

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

7. Cooperation; Return of Property. In accordance with Section 10(f) of the Change in Control Agreement Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. The Employee represents the Executive has complied with Section 10(e) of the Change in Control Agreement regarding the return of Employer property and records.

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

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

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

11. Entire Agreement. This Agreement and General Release sets forth the entire agreement between the parties hereto and fully supersedes any prior agreements or understandings between the parties; provided, however, that notwithstanding anything in this Agreement and General Release, the provisions in the Change in Control Agreement which are intended to survive termination of the Change in Control Agreement, including but not limited to those contained in Section 10 thereof, shall survive and continue in full force and effect. Employee acknowledges Executive has not relied on any representations, promises, or agreements of any kind made to Executive in connection with Executive's decision to accept this Agreement and General Release.

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

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

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

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

KAMAN AEROSPACE GROUP, INC.

By:

Name:

Title:

Date:

Gregory L. Steiner

Date:

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, Neal J. Keating, certify that:

1. I have reviewed this annual report on Form 10-K of Kaman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2009

By: /s/ Neal J. Keating

Neal J. Keating
Chairman, President and
Chief Executive Officer

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, William C. Denninger, certify that:

1. I have reviewed this annual report on Form 10-K of Kaman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2009

By: /s/ William C. Denninger

William C. Denninger
Senior Vice President and
Chief Financial Officer

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Kaman Corporation (the "Corporation") on Form 10-Q for the quarter ended April 3, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal J. Keating, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: _____

Neal J. Keating
Chairman, President and
Chief Executive Officer
Date: May 11, 2009

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Kaman Corporation (the "Corporation") on Form 10-Q for the quarter ended April 3, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Denninger, Senior Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ William C. Denninger

William C. Denninger
Senior Vice President and
Chief Financial Officer
Date: May 11, 2009

