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

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

OR

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

Commission File No. 0-1093

KAMAN CORPORATION
(Exact Name of Registrant)

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

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

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

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

Securities registered pursuant to Section 12(g) of the Act:
- -Class A Common Stock, Par Value $1.00
- -6% Convertible Subordinated Debentures Due 2012

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

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

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

$322,401,359.00 as of February 1, 1999.

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

Class A Common	22,971,946	shares
Class B Common	667,814	shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Corporation's 1998 Annual Report to Shareholders are incorporated by reference and filed as Exhibit 13 to this Report.

PART I

ITEM 1. BUSINESS

Kaman Corporation, incorporated in 1945, reports information for itself and its subsidiaries (collectively, the "corporation") in the following business segments: Aerospace, Industrial Distribution, and Music Distribution. The corporation has reorganized its business segment reporting in accordance with new financial accounting standards applicable to the corporation for calendar year 1998. Another segment identified as Scientific Services was sold on December 30, 1997.

The Aerospace segment (formerly part of the Diversified Technologies segment) serves commercial, U.S. defense and foreign government markets with principal programs consisting of its SH-2G maritime helicopter, K-MAX (Registered Trademark) "aerial truck" helicopter, subcontract work involving airframe structures and the manufacture of niche market products such as self-lubricating bearings and driveline couplings for aircraft applications. The Industrial Distribution segment serves nearly every sector of U.S. industry with industrial repair and OEM products as well as support services. The Music Distribution segment serves domestic and foreign markets with a wide variety of music instruments and accessories and manufactures guitars and other music products for professional and amateur musicians. The Scientific Services segment consisted of Kaman Sciences Corporation, the corporation's defense information technology business and was formerly part of the Diversified Technologies segment.

In December of 1998, the Board of Directors of the corporation established a committee of its members to conduct a search for a new chief executive officer, at the recommendation of Charles H. Kaman, the founder, chairman, chief executive officer and president of the corporation. The search is in progress with the goal that the corporation continue to be led in the cultural tradition that has sustained it for more than 50 years. In August of 1998, Mr. Kaman suffered a mild stroke following successful knee replacement surgery. He has made excellent progress and resumed his role as Chairman of the Board in January, 1999. Until his return to work, the board of directors has designated Robert M. Garneau, the corporation's executive vice president and chief financial officer, to have the duties and responsibilities of the corporation's chief executive officer. Mr. Garneau has held various corporate financial officer positions since joining the corporation in 1981.

AEROSPACE

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

The SH-2G helicopter currently represents the Aerospace segment's largest program and generally involves retrofit of the corporation's SH-2F helicopters, previously manufactured for the U.S. Navy (and currently in desert storage), to the "G" configuration. The SH-2G aircraft is well suited to the smaller, more powerful ships that several foreign navies are utilizing and the corporation is currently performing work for the Governments of Egypt, Australia, and New Zealand.

During 1998, the corporation completed delivery of ten (10) SH-2G(E) helicopters to the Republic of Egypt under that country's foreign military sale agreement with the U.S. Navy. This program has a value of about $150 million. The corporation is now conducting pilot training and providing on site support services. Under its commercial sale contract with the Commonwealth of Australia, the corporation will provide eleven (11) retrofit SH-2G(A) aircraft and support, including a support services facility, for the Royal Australian Navy. This contract was entered into in 1997 and has an anticipated value of nearly $600 million. The Australian SH-2G will incorporate an integrated weapons system, advanced sensors, a state-of-the-art cockpit, long range Penguin missiles, and composite rotor blades. Under its commercial sale contract with the Government of New Zealand, the corporation will provide four (4) SH-2G(NZ) aircraft and support, for New Zealand defense forces. These aircraft will be manufactured with new airframes and remanufactured dynamic components from the stored SH-2F aircraft. This contract was entered into in 1997 and has an anticipated value of nearly $170 million. During 1998, work proceeded on both the Australia and New Zealand programs with deliveries scheduled to begin in the 2000 - 2001 time frame. During 1998, the corporation continued to pursue other potential SH-2 business (including possible further orders from current customers) as various countries develop their naval helicopter requirements. This market is highly competitive and naturally influenced by global economic and political conditions. Management believes that conditions currently prevailing in some areas, most notably economic difficulties in Asia, have slowed the prospects for potential sales. While the corporation no longer manufactures the SH-2 for the United States Navy, the U.S. Naval Reserves has twelve (12) SH-2G aircraft active in its fleet. It is anticipated that at some point, such aircraft will be retired from this type of service. In the meantime, the corporation expects to continue providing logistics and spare parts support for the aircraft in the Reserves.

The corporation also produces the K-MAX (Registered Trademark) medium to heavy lift "aerial truck" helicopter which has a variety of potential applications, including logging, oil and gas exploration, power line construction, and fire fighting. The K-MAX, which received its Federal Aviation Administration certification in August, 1994, is based on the corporation's intermeshing rotor technology with servo-flap control. Constructed with fewer components and less airframe weight, the K-MAX has increased payload capacity and lower manpower, maintenance and

spare parts inventory requirements, making it a generally cost effective tool for industries requiring medium to heavy repetitive lift capabilities. The corporation has been conservative in its production of this aircraft (generally, six (6) aircraft per year) since its introduction because it has been anticipated that it would take some time to develop markets for a new aircraft and thus achieve sales and profitability. There are currently fifteen (15) aircraft in operations located in six (6) countries. The principal application for the K-MAX to date has been in the commercial logging industry, a market that has weakened significantly in the past two years, particularly in the U.S. Pacific Northwest and Canada, due in part to the effect of economic conditions in Asia upon export sales. These circumstances appear to be affecting certain current customers as well as potential sales of the K-MAX and production has been further adjusted to address these circumstances. The corporation has been working to further develop other potential uses for the K-MAX. The K-MAX also has a potential non-combat role for the military in the task of vertical replenishment ("VERTREP"). As the federal government has explored the concept of outsourcing this role to commercial providers, the U.S. Navy Military Sealift Command has awarded K-MAX two separate demonstration projects using charter/lease arrangements. Although there were no developments in this arena during 1998, it appears that the federal government is continuing to consider the commercial outsourcing alternative.

The corporation also performs subcontract work for certain airframe manufacturing programs and manufactures various niche market products, including self-lubricating bearings for use principally in aircraft flight controls, turbine engines and landing gear, as well as driveline couplings for use principally in helicopters. The corporation provides aircraft structures and components for most commercial jetliners made today, including all Boeing 700 series aircraft and most commuter and executive jets. The corporation also supplies parts for a variety of U.S. military aircraft, including the C-17 transport, F-22 fighter, E2-C airborne early warning aircraft and the Comanche helicopter. These operations have benefitted in the past few years from growth in the aviation industry, a trend which appears to be leveling off. Boeing, for example, is an important and long standing customer for the corporation's airframe subcontract work and certain niche market products and, while it is believed that the corporation is well positioned to maintain its level of business with this customer, pricing pressure is expected to intensify.

Among its smaller programs, the corporation also produces computer memory systems for a variety of military aircraft, including the F-16 fighter and the C-130J transport; fuzing and safety devices for missiles, including the Tomahawk and AMRAAM; and photonic and optical systems such as Magic Lantern (Registered Trademark) a laser-based mine detection system.

INDUSTRIAL DISTRIBUTION

The Industrial Distribution segment (formerly part of the Distribution segment) consists of Kaman Industrial Technologies Corporation and its Canadian subsidiary, Kaman Industrial Technologies, Ltd.

Operating from 190 locations in thirty-six (36) states and British Columbia, this segment's business is one of the nation's leading distributors of industrial products, including bearings, power transmission, electrical, motion control, material-handling components and other equipment and services needed to maintain various manufacturing processes. Its customers constitute virtually every segment of U.S. industry, including agriculture, automotive, bottling, chemical processing, construction, consumer goods, entertainment, food processing, general manufacturing, heavy equipment, logging, materials conveyance, mining, oil refining, paper, petrochemical, pharmaceutical, power generation, semiconductors, steel, and transportation. The corporation's computer-linked distribution centers are strategically located to position the segment to more efficiently serve its customers. During 1998, an additional distribution center was opened in Louisville, KY. The products that the corporation purchases for distribution are for the most part derived from traditional technologies, although the corporation is increasingly selling products with the higher technological content required to support automated production processes. The corporation also offers additional support service capabilities, including asset management, value-added engineering and systems/fabrication capabilities, just-in-time delivery, cost savings analysis (called Documented Savings (trademark)), inventory management services, and a direct link between its state-of-the-art computer system and customers' and suppliers' purchasing departments in order to streamline order processing and improve transaction time. Given the spectrum of industry that the corporation serves, its business tends to be influenced by industrial production levels. During 1998, export demand in certain industries such as lumber, chemicals, paper, and semiconductors was adversely affected by economic difficulties in Asia, which resulted in increased price pressures on this segment. In this environment, the corporation is working to focus sales efforts in the markets that offer the best opportunities and to carry out initiatives to enhance operating efficiencies, including consolidation and centralization of various organizational support functions.

MUSIC DISTRIBUTION

The Music Distribution segment (formerly part of the Distribution segment) consists of Kaman Music Corporation, KMI Europe Inc., and its Canadian subsidiary, B&J Music Ltd.

This segment is one of the largest distributors of music instruments and accessories in the United States, providing product principally to retailers in the United States and Canada as well as to certain international distributors. Among its offerings are

more than 13,000 items, including guitars, violins, horns, drums and other percussion products, electronic tuners and metronomes and music instrument accessories. This segment also provides a variety of proprietary products, including Ovation (Registered Trademark) and Hamer (Registered Trademark) guitars. During 1998, this segment continued its initiatives to improve operating efficiency, including consolidation of warehouse facilities and introduction of a new warehouse facility in Nashville, Tennessee, as well as consolidation of certain organizational support functions. Operations are currently conducted through seven (7) distribution centers in the United States and Canada, and an international sales division and a manufacturing facility, both of which are located in the United States.

FINANCIAL INFORMATION

Information concerning each segment's performance for the last three fiscal years appears in the corporation's 1998 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated by reference.

PRINCIPAL PRODUCTS AND SERVICES

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

	Years Ended December 31		
	1996	1997	1998
Aerospace	23.7%	27.6%	38.1%
Scientific Services (1)	13.2%	13.9%	--
Industrial Distribution	47.3%	45.9%	50.1%
Music Distribution	15.8%	12.6%	11.8%
Total	100.0%	100.0%	100.0%

(1) The Scientific Services segment, which consisted of Kaman Sciences Corporation, was sold on December 30, 1997.

RESEARCH AND DEVELOPMENT EXPENDITURES

Government sponsored research expenditures by the Aerospace and Scientific Services segments were $13.2 million in 1998, $75.7 million in 1997, and $68.8 million in 1996. Independent research and development expenditures were $8.5 million in 1998, $6.9 million in 1997, and $8.0 million in 1996. The Scientific Services segment which conducted significant government sponsored research in 1996 and 1997 was sold on December 30, 1997.

BACKLOG

Program backlog of the Aerospace and Scientific Services segments was approximately $757.1 million at December 31, 1998, $935.2 million at December 31, 1997, and $267 million at December 31, 1996. The corporation anticipates that approximately 44% of its backlog at the end of 1998 will be performed in 1999. Approximately 7.7% of the backlog at the end of 1998 is related to government contracts or subcontracts which are included in backlog to the extent that funding has been appropriated by Congress and allocated to the particular contract by the relevant procurement agency. Certain of these government contracts, less than 1% of the backlog, have been funded but not signed.

GOVERNMENT CONTRACTS

During 1998, approximately 81.7% of the work performed by the corporation directly or indirectly for the United States government was performed on a fixed-price basis and the balance was performed on a cost-reimbursement basis. Under a fixed-price contract, the price paid to the contractor is negotiated at the outset of the contract and is not generally subject to adjustment to reflect the actual costs incurred by the contractor in the performance of the contract. Cost reimbursement contracts provide for the reimbursement of allowable costs and an additional negotiated fee.

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

COMPETITION

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

of meeting lifting requirements. The corporation competes for its subcontract aircraft structure, specialty aircraft component, and advanced technology products business on the basis of price and quality; product endurance and special performance characteristics; proprietary knowledge; and the reputation of the corporation.

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

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

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information relating to the corporation's business and prospects, including the SH-2G and K-MAX helicopter programs, specialty self-lubricating bearings and couplings, the industrial and music distribution businesses, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Those uncertainties include, but are not limited to: 1) the successful conclusion of contract negotiations with government authorities, including foreign governments; 2) political developments in countries where the corporation intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) economic and competitive conditions in markets served by the corporation including industry consolidation in the United States and global economic conditions (most notably in Asia); 5) the degree of acceptance of new products in the marketplace; 6) U.S. industrial production levels; 7) achievement of Year 2000 compliance by the corporation, its customers, suppliers and service providers, including various federal, state and foreign governments and agencies thereof; 8) currency exchange rates, taxes, laws and regulations, inflation rates, general business conditions and other factors. Any forward-looking information should be considered with these factors in mind.

EMPLOYEES

As of December 31, 1998, the Corporation employed 4,276 individuals throughout its industry segments and corporate headquarters as follows:

Aerospace	2,101
Industrial Distribution	1,691
Music Distribution	405
Corporate Headquarters	79

	4,276

PATENTS AND TRADEMARKS

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

Although the corporation's patents enhance its competitive position, management believes that none of such patents or patent applications is singularly or as a group essential to its business as a whole. The corporation holds or has applied for U.S. and foreign patents with expiration dates that range through the year 2019.

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

	U.S. PATENTS		FOREIGN PATENTS	
Segment	Issued	Pending	Issued	Pending
Aerospace	81	28	57	15
Industrial Distribution	0	0	0	0
Music Distribution	15	3	8	4
	--	--	--	--
	96	31	65	19

Trademarks of Kaman Corporation include Adamas, Applause, Hamer, KAflex, KAron, K-MAX, Magic Lantern, and Ovation. In all, the corporation maintains 213 U.S. and foreign trademarks with 14 applications pending, most of which relate to music products in the Music Distribution segment.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

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

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

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

FOREIGN SALES

Twenty-Two and Three Tenths percent (22.3%) of the sales of the corporation made in 1998 were to customers located outside the United States. In 1998, the corporation continued its efforts to develop international markets for its products and foreign sales (including sales for export); and during 1998 the corporation continued to perform work under contracts with the Commonwealth of Australia and the Government of New Zealand for the supply of retrofit SH-2G helicopters with deliveries under both programs expected to begin in the 2000-2001 time frame. Additional information required by this item appears in the corporation's 1998

Annual Report to Shareholders, and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

YEAR 2000 ("Y2K") COMPLIANCE

During 1998, the corporation utilized the services of KPMG LLP as a consultant to assist in formalizing the corporation's Y2K compliance program and to provide periodic assessment of the corporation's progress. Each operating subsidiary designated a program manager responsible for coordinating its activities and developed a plan providing for assessment, problem solving and compliance testing of Y2K related matters. The initial planning and assessment phases were completed in 1998, and testing to confirm compliance was also conducted. To date, compliance time tables are being met with a target date to achieve overall Y2K compliance, including compliance testing, as of June 30, 1999. In addition, the corporation and each operating subsidiary are currently working with suppliers, customers and service providers to gauge their Y2K readiness and monitor their progress toward compliance. An oversight committee reporting to the executive vice president and chief financial officer, has been established at corporate headquarters to monitor the progress of each subsidiary's compliance work. Senior management provides progress reports to the corporation's board of directors and audit committee on a regular basis. The corporation separately identifies costs of Y2K efforts as an internal management tool and based upon information known to it at this time, management does not anticipate that the costs of addressing Y2K issues will be material to the corporation's financial position, results of operations, or cash flows in future periods. Although the corporation does not anticipate incurring significant costs to modify its computer systems, there can be no assurance that significant costs will not be incurred. Additional information concerning this item appears in the corporation's 1998 Annual Report to Shareholders and is included in Exhibit 13 to the form 10-K, and is incorporated herein by reference.

ITEM 2. PROPERTIES

The corporation occupies approximately 3.39 million square feet of space throughout the United States and Canada, distributed as follows:

SEGMENT	SQUARE FEET (in thousands as of 12/31/98)
Aerospace	1,553
Industrial Distribution	1,396
Music Distribution	399
Corporate Headquarters	40

Total	3,388

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

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1998.

PART II

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

CAPITAL STOCK AND PAID-IN CAPITAL

Information required by this item appears in the corporation's 1998 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

INVESTOR SERVICES PROGRAM

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

QUARTERLY CLASS A COMMON STOCK INFORMATION

	High	Low	Close	Dividend
1998				
First	$18.38	$15.75	$18.38	$.11
Second	20.38	17.63	19.03	.11
Third	19.38	13.00	17.13	.11
Fourth	17.13	14.50	16.06	.11
1997				
First	$14.75	$12.25	$ 13.50	$.11
Second	16.00	12.00	15.38	.11
Third	18.88	14.50	18.38	.11
Fourth	20.38	15.25	16.38	.11

QUARTERLY DEBENTURE INFORMATION (6% Conv. Subordinated)

	High	Low	Close
1998			
First	$101.00	$96.00	$100.00
Second	100.50	98.00	98.00
Third	100.63	96.00	96.50
Fourth	104.00	96.50	97.50
1997			
First	$ 92.00	$84.00	$92.00
Second	96.00	87.00	94.00
Third	100.00	94.00	96.00
Fourth	101.00	96.00	96.50

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

ANNUAL MEETING

The Annual Meeting of Shareholders of the Corporation will be held on Tuesday, April 13, 1999 at 11:00 a.m. in the offices of the corporation, 1332 Blue Hills Avenue, Bloomfield, Connecticut 06002. Holders of all classes of Kaman securities are invited to attend, however matters on the agenda for the meeting will require the vote of Class B shareholders only.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item appears in the corporation's 1998 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

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

Information required by this item appears in the corporation's 1998 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item appears in the corporation's 1998 Annual Report to Shareholders and is included in Exhibit 13 to this Form 10-K, and is incorporated herein by reference. Additional financial information is contained in the Financial Data Schedule included as Exhibit 27 to this Form 10-K.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

Brian E. Barents	Mr. Barents, 55, has been a Director since 1996. He is President and Chief Executive Officer of Galaxy Aerospace Company L.P. Prior to that he was President and Chief Executive Officer of Learjet, Inc. He is a director of Tri-Star Aerospace Corp.

Fred A. Breidenbach	Mr. Breidenbach, 52, was elected a Director in February 1998. He is the owner of F. A. Breidenbach & Associates, LLC, and is the former President and Chief Operating Officer of Gulfstream Aerospace Corp. Prior to that he held various positions with General Electric Corporation. He is a director of Sensormatic Electronics Corporation.
T. Jack Cahill	Mr. Cahill, 50, has held various positions with Kaman Industrial Technologies Corporation, a subsidiary of the corporation, since 1975, and has been President of that subsidiary since 1993.
E. Reeves Callaway, III	Mr. Callaway, 51, has been a Director since 1995. He is President of The Callaway Advanced Technology Corporation.
Frank C. Carlucci	Mr. Carlucci, 68, has been a Director since 1989. He is Chairman of The Carlyle Group, merchant bankers. Prior to that he served as U.S. Secretary of Defense. Mr. Carlucci is also a director of Ashland, Inc., Neurogen Corporation, Northern Telecom, Ltd., Pharmacia & Upjohn, Inc., Quaker Oats Company, Sun Resorts, Ltd., N.V., Texas Biotechnology Corporation, and IRI International Corporation.
Laney J. Chouest, M.D.	Dr. Chouest, 45, has been a Director since 1996. He is Senior Vice President of Edison Chouest Offshore, Inc. and Galliano Marine.
Candace A. Clark	Ms. Clark, 44, has been Senior Vice President and Chief Legal Officer since 1996. Prior to that she served as Vice President and Counsel. Ms. Clark has held various positions with the corporation since 1985.
John A. DiBiaggio	Dr. DiBiaggio, 66, has been a Director since 1984. He is President and Chief Executive Officer of Tufts University. Prior to that he was President and Chief Executive Officer of Michigan State University.

Edythe J. Gaines	Dr. Gaines, 76, has been a Director since 1982. She is a retired Commissioner of the Public Utility Control Authority of the State of Connecticut.
Ronald M. Galla	Mr. Galla, 48, has been Senior Vice President and Chief Information Officer since 1995. Prior to that he served as Vice President and director of the corporation's Management Information Systems, a position which he held since 1990. Mr. Galla has been director of the corporation's Management Information Systems since 1984.
Robert M. Garneau	Mr. Garneau, 55, has been Executive Vice President and Chief Financial Officer since 1995. Previously he served as Senior Vice President, Chief Financial Officer and Controller. Mr. Garneau has held various positions with the corporation since 1981.
Huntington Hardisty	Admiral Hardisty (USN-Ret.), 70, has been President of Kaman Aerospace International Corporation, a subsidiary of the corporation, since 1995 and he has been a Director since 1991. He retired from the U.S. Navy in 1991 having served as Commander-in-Chief for the U.S. Navy Pacific Command since 1988. He is also a director of Contraves, Inc., MPR Inc., and CNA Corporation.
Charles H. Kaman	Mr. Kaman, 79, has been Chief Executive Officer and Chairman of the Board of Directors since 1945. He was also appointed President in December, 1995, a position he previously held from 1945 to 1990.
C. William Kaman II	Mr. Kaman, 47, has been a Director since 1992. He is Chairman and CEO of AirKaman of Jacksonville, Inc., a former subsidiary of the corporation which was sold in 1997 and is no longer affiliated with the corporation. Previously he was Executive Vice President of the corporation and was President of Kaman Music Corporation, a subsidiary of the corporation. Mr. Kaman is the son of Charles H. Kaman, Chairman, President and Chief Executive Officer of the corporation.

Walter R. Kozlow	Mr. Kozlow, 63, has held various positions with Kaman Aerospace Corporation, a subsidiary of the corporation, since 1960. He has been President of Kaman Aerospace Corporation since 1986.
Eileen S. Kraus	Ms. Kraus, 60, has been a Director since 1995. She is Chairman of Connecticut Fleet National Bank. Since 1979 she has held various positions at Shawmut Bank Connecticut and Shawmut National Corporation, predecessors of Fleet Bank, N.A. and its holding company, Fleet Financial Group. She is a director of Yankee Energy System, Inc., The Stanley Works, and Bestfoods Corporation.
Hartzel Z. Lebed	Mr. Lebed, 71, has been a Director since 1982, and became Vice Chairman of the Board of Directors in January, 1999. He is the retired President of CIGNA Corporation.
Walter H. Monteith, Jr.	Mr. Monteith, 68, has been a Director since 1987. He is the retired Chairman of Southern New England Telecommunications Corporation.
John S. Murtha	Mr. Murtha, 85, has been a Director since 1948. He is counsel to, and a former senior partner of, the law firm of Murtha, Cullina, Richter and Pinney LLP.
Patrick L. Renehan	Mr. Renehan, 65, has been Senior Vice President of Kaman Aerospace Group, Inc. (formerly Kaman Diversified Technologies Corporation), a subsidiary of the corporation, since 1996. Prior to that he served as Vice President of that subsidiary. Mr. Renehan has held various positions with the corporation since 1983.
Wanda L. Rogers	Mrs. Rogers, 66, has been a Director since 1991. She is President and Chief Executive Officer of Rogers Helicopters, Inc. She is also a director of Clovis Community Bank.

Robert H. Saunders, Jr.	Mr. Saunders, 58, became President of Kaman Music Corporation, a subsidiary of the corporation in 1998. Previously he served as Senior Vice President of the corporation since 1995 and also held the position of Senior Executive Vice President of Kaman Music Corporation during a portion of that period. Prior to that he was Vice President and Chief Financial Officer of the University of Hartford.

Each Director and Executive Officer has been elected for a term of one year and until his or her successor is elected. The terms of all Directors and Executive Officers are expected to expire as of the Annual Meeting of the Shareholders and Directors of the corporation to be held on April 13, 1999.

Based upon information provided to the corporation by persons required to file reports under Section 16(a) of the Securities Exchange Act of 1934, no Section 16(a) Reporting delinquencies occurred in 1998.

ITEM 11. EXECUTIVE COMPENSATION

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

B) SUMMARY COMPENSATION TABLE.

		Annual Compensation			Long Term Compensation			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
					AWARDS			
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Comp.(1)	RSA ($)(2)	Options/SARs (#Shares)	LTIP Payments	All Other Comp. ($)(3)
C. H. Kaman Chairman and	1998	850,000	408,000	116,201	-------	0/ 125,000	---	64,120
Chief	1997	750,000	400,000	-------	-------	------	---	56,793
Executive Officer	1996	725,000	340,000	56,252	-------	------	---	58,412
R.M.Garneau Executive	1998	375,000	175,000	-------	127,500	7,500/ 12,500	---	12,418
Vice Pres- ident and	1997	340,000	185,000	-------	99,375	10,000/ 100,000	---	10,896
Chief Financial Officer	1996	240,000	82,000	-------	77,812	10,000/ 0	---	7,935
W.R.Kozlow President	1998	255,000	100,000	-------	85,000	7,500/ 10,000	---	13,170
Kaman Aerospace	1997	240,000	100,000	-------	79,500	9,000/ 50,000	---	13,588
Corporation	1996	233,000	65,000	-------	62,250	9,000/ 0	---	10,881
T.J. Cahill President,	1998	245,000	80,000	-------	85,000	7,500/ 7,500	---	7,397
Kaman Industrial	1997	230,000	90,000	-------	79,500	9,000/ 50,000	---	7,754
Technologies Corporation	1996	210,000	70,000	-------	62,250	9,000/ 0	---	7,952
H. Hardisty President	1998	225,000	90,000	-------	85,000	7,500/ 10,000	---	20,141
Kaman Aerospace	1997	215,000	90,000	-------	79,500	9,000/ 50,000	---	13,012
Interna- tional Corporation	1996	200,000	55,000	-------	62,250	9,000/ 0	---	9,198

1. The corporation maintains a program pursuant to which it pays for tax and estate planning services provided to executive officers by third parties, up to certain limits. Amounts reported in this column include payments for such services as follows: $91,060 on behalf of C.H. Kaman in 1998 and $45,314 on behalf of C. H. Kaman in 1996.

2. As of December 31, 1998, aggregate restricted stock holdings and their year end value were: C.H. Kaman, none; R.M. Garneau, 20,000 shares valued at $321,250; W.R. Kozlow, 15,400 shares valued at $247,363; T.J. Cahill, 15,400 shares valued at $247,363; and H. Hardisty, 13,400 shares valued at $215,238. Restrictions lapse at the rate of 20% per year for all awards, beginning one year after the grant date. Awards reported in this column are as follows: R.M. Garneau, 7,500 shares in 1998, 7,500 shares in 1997, and 7,500 shares in 1996; W.R. Kozlow, 5,000 shares in 1998, 6,000 shares in 1997, and 6,000 shares in 1996; T.J. Cahill, 5,000 shares in 1998, 6,000 shares in 1997, and 6,000 shares in 1996; H. Hardisty, 5,000 shares in 1998, 6,000 shares in 1997 and 6,000 shares in 1996. Dividends are paid on the restricted stock.

3. Amounts reported in this column consist of: C.H. Kaman, $53,000 - Officer 162 Insurance Program, $11,120 - medical expense reimbursement program ("MERP"); R.M. Garneau, $3,352 - Senior executive life insurance program ("Executive Life"), $851 - Officer 162 Insurance Program, $2,000 - employer matching contributions to the Kaman Corporation Thrift and Retirement Plan (the "Thrift Plan employer match"), $1,340 - MERP, $4,875 - all supplemental employer contributions under the Kaman Corporation Deferred Compensation Plan ("supplemental employer contributions"); W.R. Kozlow, $6,375 - - Executive Life, $2,000 - Thrift Plan employer match, $2,358 - MERP, $2,437 - supplemental employer contributions; T.J. Cahill, $1,770 - Executive Life, $2,000 - Thrift Plan employer match, $1,564 - MERP, $2,063 - supplemental employer contributions; H. Hardisty, $20,141 - supplemental employer contributions.

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

Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term*	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Options/ SARs** Granted (#)	% of Total Options/ SARs** Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	5%($)	10%($)
C. H. Kaman	0/ 125,000	0.00/ 75.76	17.00	2/10/08	1,336,401	3,386,703
R. M. Garneau	7,500/ 12,500	3.66/ 7.58	17.00	2/10/08	213,824	541,872
W. R. Kozlow	7,500/ 10,000	3.66/ 6.06	17.00	2/10/08	187,096	474,138
T. J. Cahill	7,500/ 7,500	3.66/ 4.55	17.00	2/10/08	160,368	406,404
H. Hardisty	7,500/ 10,000	3.66/ 6.06	17.00	2/10/08	187,096	474,138

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

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

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

Name (a)	Shares acquired on Exercise(#) (b)	Value realized (c)	Number of Unexercised options at FY-end (#) exercisable/ unexercisable (d)	Value of Unexercised in-the-money options* at FY-end ($) exercisable/ unexercisable (e)
C. H. Kaman	none	-------	20,000/0	166,250/0
R. M. Garneau	2,000	15,875	25,500/24,500	158,406/70,688
W. R. Kozlow	3,000	21,750	24,900/23,100	155,569/65,025
T. J. Cahill	1,000	8,000	19,400/23,100	112,475/65,025
H. Hardisty	none	------	5,400/20,100	25,538/50,963

Name (a)	Shares acquired on Exercise(#) (b)	Value realized (c)	Number of Unexercised SARs at FY-end (#) exercisable/ unexercisable (d)	Value of Unexercised in-the-money SARs* at FY-end ($) exercisable/ unexercisable (e)
C. H. Kaman	N/A	N/A	0/125,000	0/0
R. M. Garneau	"	"	20,000/92,500	56,250/225,000
W. R. Kozlow	"	"	10/000/50,000	28,150/112,500
T. J. Cahill	"	"	10,000/47,500	28,125/112,500
H. Hardisty	"	"	10,000/50,000	28,125/112,500

*Difference between the 12/31/98 FMV and the exercise price(s).

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

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

PENSION PLAN TABLE

Remuneration*	Years of Service 15	20	25	30	35
125,000	33,471	44,851	55,562	66,942	66,942
150,000	40,971	54,901	68,012	81,942	81,942
175,000	48,471	64,951	80,462	96,942	96,942
200,000	55,971	75,001	92,912	111,942	111,942
225,000	63,471	85,015	105,362	126,942	126,942
250,000	70,971	95,101	117,812	141,942	141,942
300,000	85,971	115,201	142,712	171,942	171,942
350,000	100,971	135,301	167,612	201,942	201,942
400,000	115,971	155,401	192,512	231,942	231,942
450,000	130,971	175,501	217,412	261,942	261,942
500,000	145,971	195,601	242,312	291,942	291,942
750,000	220,971	296,101	366,812	441,942	441,942
1,000,000	295,971	396,601	491,312	591,942	591,942
1,250,000	370,971	497,101	615,812	741,942	741,942
1,500,000	445,971	597,601	740,312	891,942	891,942
1,750,000	520,971	698,101	864,812	1,041,942	1,041,942
2,000,000	595,971	798,601	989,312	1,191,942	1,191,942

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

"Covered Compensation" means "W-2 earnings" or "base earnings", if greater, as defined in the Pension Plan. W-2 earnings for pension purposes consist of salary (including 401(k) and Section 125/129 Plan contributions but not deferrals under a non-qualified Deferred Compensation Plan), bonus and taxable income attributable to restricted stock awards and the cash out of employee stock options. Salary and bonus amounts for the named Executive Officers for 1998 are as shown on the Summary Compensation Table. Compensation deferred under the Corporation's non-qualified deferred compensation plan is included in Covered Compensation here because it is covered by the Corporation's unfunded supplemental employees' retirement plan for the participants in that plan.

Current Compensation covered by the Pension Plan for any named executive whose Covered Compensation differs by more than 10% from the compensation disclosed for that executive in the Summary Compensation Table: Mr. Kaman, $1,250,000; Mr. Hardisty, $361,410.

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

The Executive Officers named in Item 11(b) are participants in the plan and as of December 31, 1998, had the number of years of credited service indicated: Mr. Kaman - 53.1 years; Mr. Garneau - 17.48 years; Mr. Kozlow - 38.7 years; Mr. Cahill - 23.7 years; Mr. Hardisty - 3.45 years.

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

G) COMPENSATION OF DIRECTORS. In general, non-employee members of the Board of Directors of the corporation receive an annual retainer of $20,000 and a fee of $1,000 for attending each meeting of the Board and each meeting of a Committee of the Board, except that the Chairman of the Audit Committee receives a fee of $1,250 for attending each meeting of that Committee. Notwithstanding the foregoing, (1) effective in January 1999, the position of Vice Chairman of the Board was created with a retainer of $40,000 per year and a fee of $2,000 for attending each meeting of the Board; and (2) effective in September 1998, the Acting Chairman of the Board received a monthly retainer of $8,000 (this position was ended in February 1999) and a fee of $2,000 for attending each meeting of the Board and each meeting of the Special Committee of the Board. Such fees may be received on a deferred basis. In addition, each non-employee director will receive a Restricted Stock Award for 500 shares (issued pursuant to the corporation's Stock Incentive Plan), providing for immediate vesting upon election as a director at the corporation's 1999 Annual Meeting of Shareholders.

H) EMPLOYMENT CONTRACTS AND TERMINATION, SEVERANCE AND CHANGE OF CONTROL ARRANGEMENTS. The corporation has entered an arrangement with Mr. C. H. Kaman that (1) in the event he retires or dies during active employment with the corporation, he and/or Mrs. Kaman will be provided with medical/dental benefits for the remainder of their lives; and (2) in the event he becomes disabled during active employment, he will be assured of receiving an amount equal to his then current annual base salary for the remainder of his life. Except as disclosed in Item 13, and except as described above and in connection with the corporation's Pension Plan and the corporation's non-qualified Deferred Compensation Plan, the corporation has no employment contract, plan or arrangement with respect to any named executive which relates to employment termination for any reason, including resignation, retirement or otherwise, or a change in control of the corporation or a change in any such executive officer's responsibilities following a change of control, which exceeds or could exceed $100,000.

I) Not Applicable.

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

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

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

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

K) Not Applicable.

L) Not Applicable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

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

Class of Common Stock	Name and Address Beneficial Owner	Number of Shares Owned as of February 1, 1999	Percentage of Class
Class B	Charles H. Kaman Kaman Corporation Blue Hills Avenue Bloomfield, CT 06002	258,375(1)	38.69%
Class B	Newgate Associates Limited Partnership c/o Murtha, Cullina, Richter and Pinney LLP CityPlace I 185 Asylum Street Hartford, CT 06103	199,802	29.91%
Class B	C. William Kaman, II c/o AirKaman of Jacksonville, Inc. Jacksonville International Airport 14700 Yonge Drive Jacksonville, FL 32218	64,446(2)	9.65%
Class B	Robert D. Moses Farmington Woods Avon, CT 06001	48,729(3)	7.30%

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

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

(3) Includes 39,896 shares held by a partnership controlled by Mr. Moses.

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

Name	Class of Common Stock	Number of Shares Owned as of February 1, 1999	Percentage of Class
Brian E. Barents	Class A	1,000	*
Fred A. Breidenbach	Class A	4,500	*
T. Jack Cahill	Class A	34,230(1)	*
E. Reeves Callaway	Class A	1,000	*
Frank C. Carlucci	Class A	4,000(2)	*
Laney J. Chouest	Class A	6,331	*
John A. DiBiaggio	Class A	1,000	*
Edythe J. Gaines	Class A	3,269	*
Robert M. Garneau	Class A	30,133(3)	*
	Class B	20,512	3.07%
Huntington Hardisty	Class A	17,000(4)	*
Charles H. Kaman	Class A	217,884(5)	*
	Class B	258,375(6)	38.69%
C. William Kaman, II	Class A	64,488(7)	*
	Class B	64,446(8)	9.65%
Walter R. Kozlow	Class A	50,412(9)	*
	Class B	296	*
Eileen S. Kraus	Class A	1,563	*
Hartzel Z. Lebed	Class A	17,067(10)	*
Walter H. Monteith, Jr.	Class A	1,200	*
John S. Murtha	Class A	52,948(11)	*
	Class B	432	*
Wanda L. Rogers	Class A	1,000	*
All Directors and			
Executive Officers	Class A	573,757(12)	2.5%
as a group **	Class B	345,799	51.8%

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

(1) Excludes 19,400 shares subject to the exercisable portion of stock options.
(2) Includes 3,500 shares held jointly with Mrs. Carlucci.
(3) Excludes 25,500 shares subject to the exercisable portion of stock options.

(4) Excludes 5,400 shares subject to the exercisable portion of stock options.
(5) Excludes the following: 23,132 shares held by Mrs. Kaman; 7,952 shares held by Fidelco Guide Dog Foundation, Inc., a charitable foundation of which Mr. Kaman is President and Director, in which shares Mr. Kaman disclaims beneficial ownership; 184,434 shares held by Newgate Associates Limited Partnership, a limited partnership of which Mr. Kaman is the general partner; 21,816 shares held by Oldgate Limited Partnership ("Oldgate") a limited partnership of which Mr. Kaman is the general partner; 125,034 shares held by Oldgate and as to which shares Mr. Kaman disclaims beneficial interest, such portion of Oldgate having been placed in an irrevocable trust; and 72,500 shares held by the Charles H. Kaman Charitable Foundation, a private charitable foundation. Included are 20,000 shares subject to exercisable portion of stock options.
(6) Excludes the following: 1,471 shares held by Mrs. Kaman and 199,802 shares held by Newgate Associates Limited Partnership, a limited partnership of which Mr. Kaman is the general partner.
(7) Excludes 12,300 shares subject to exercisable portion of stock options; and excludes 84,516 shares held by Mr. Kaman as Trustee, in which shares Mr. Kaman disclaims any beneficial ownership.
(8) Excludes 4,800 shares held by Mr. Kaman as Trustee in which shares Mr. Kaman disclaims any beneficial ownership.
(9) Excludes 24,900 shares subject to exercisable portion of stock options.
(10) Includes shares held jointly with Mrs. Lebed, excludes 8,000 shares held in an Individual Retirement Account and 480 shares held by Mrs. Lebed.
(11) Held by Fleet National Bank pursuant to a revocable trust. Includes 7,980 shares held by Fleet National Bank pursuant to a revocable trust for the benefit of Mrs. Murtha.
(12) Includes 142,800 shares subject to exercisable portion of stock options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During 1998, the corporation obtained legal services from the Hartford, Connecticut law firm of Murtha, Cullina, Richter and Pinney LLP of which Mr. Murtha, a Director of the corporation, is of counsel. The corporation also obtained video production services in the amount of $134,218 from Polykonn Corporation, a corporation controlled by Mr. Steven Kaman, son of Charles H. Kaman, Chairman and Chief Executive Officer of the corporation. In addition, the corporation entered into an agreement with Mr. C. William Kaman, II, a Director and former Executive Vice President of the corporation, confirming his resignation from active employment with the corporation and retaining him as Senior Executive Advisor through December 31, 2001 at the annual rate of $245,000. A copy of such agreement is attached hereto as Exhibit 10c. In arriving at the terms of such agreement the corporation obtained the advice of an independent professional consultant.

PART IV

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

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

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

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

(b) REPORTS ON FORM 8-K.

The following reports on Form 8-K were filed since the filing of the Corporation's 1997 Annual Report on Form 10-K.

Date Filed	Accession Number
December 17, 1998	54381-98-30

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Bloomfield, State of Connecticut, on this 16th day of March, 1999.

KAMAN CORPORATION
(Registrant)

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

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

Signature:	Title:	Date:
Charles H. Kaman	Chairman, President, Chief Executive Officer and Director (Chief Executive Officer)	March 16, 1999
Robert M. Garneau	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 1999
Robert M. Garneau		March 16, 1999

Attorney-in-Fact for:

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

KAMAN CORPORATION AND SUBSIDIARIES

Index to Financial Statement Schedules

REPORT OF INDEPENDENT AUDITORS

KPMG LLP
Certified Public Accountants
CityPlace II
Hartford, Connecticut 06103

The Board of Directors and Shareholders
Kaman Corporation:

Under date of January 27, 1999, we reported on the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998, as contained in the 1998 annual report to shareholders. These consolidated financial statements and our report thereon are included in the annual report on Form 10-K for 1998. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

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

/s/ KPMG LLP

Hartford, Connecticut
March 16, 1999

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

YEAR ENDED DECEMBER 31, 1996

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

YEAR ENDED DECEMBER 31, 1997

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

YEAR ENDED DECEMBER 31, 1998

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

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

KAMAN CORPORATION

INDEX TO EXHIBITS

Exhibit 3a	The Amended and Restated Certificate of Incorporation of the corporation, as amended, has been filed with the Securities and Exchange Commission on form S-8POS on May 11, 1994, as Document No. 94-20.	by reference
Exhibit 3b	The By-Laws of the corporation as amended on February 9, 1999.	attached
Exhibit 4a	Indenture between the corporation and Manufacturers Hanover Trust Company, as Indenture Trustee, with respect to the Corporation's 6% Convertible Subordinated Debentures, has been filed as Exhibit 4.1 to Registration Statement No. 33 - 11599 on Form S-2 of the corporation filed with the Securities and Exchange Commission on January 29, 1987 and is incorporated in this report by reference.	by reference
Exhibit 4b	The Amended and Restated Revolving Credit Agreement between the corporation and The Bank of Nova Scotia and Fleet National Bank of Connecticut, as Co-Administrative Agents, dated as of July 3, 1997 has been filed as an exhibit to the Corporation's Form 10-Q Document No. 54381-97-16 filed with the Securities and Exchange Commission on August 15, 1997 and is incorporated in this report by reference.	by reference
Exhibit 4c	The corporation is party to certain long-term debt obligations, such as real estate mortgages, copies of which it agrees to furnish to the Commission upon request.	by reference

Exhibit 10a	The Kaman Corporation 1993 Stock Incentive Plan as amended effective November 18, 1997 has been filed as an exhibit to the Corporation's Form 10-K Document No. 54381-98-09 filed with the Securities and Exchange Commission on March 16, 1998 (as amended by Document No. 54381-98-13 on March 27, 1998) and is incorporated in this report by reference.	by reference
Exhibit 10b	The Kaman Corporation Employees Stock Purchase Plan as amended effective November 19, 1997 has been filed as an exhibit to the Corporation's Form 10-K Document No. 54381-98-09 filed with the Securities and Exchange Commission on March 16, 1998 (as amended by Document No. 54381-98-13 on March 27, 1998) and is incorporated in this report by reference.	by reference
Exhibit 10c	Agreement dated August 10, 1998 between the corporation and C. William Kaman, II.	Attached
Exhibit 11	Statement regarding computation of per share earnings.	Attached
Exhibit 13	Portions of the Corporation's 1998 Annual Report to Shareholders as required by Item 8.	Attached
Exhibit 21	Subsidiaries.	Attached
Exhibit 23	Consent of Independent Auditors.	Attached
Exhibit 24	Power of attorney under which this report has been signed on behalf of certain directors.	Attached
Exhibit 27	Financial Data Schedule	Attached

EXHIBIT 3B

KAMAN CORPORATION

BY-LAWS

ARTICLE I
Offices

1. The principal office of this corporation shall be at such place in the Town of Bloomfield in the State of Connecticut as the Directors shall from time to time designate. The corporation may have such other offices within or without the State of Connecticut as the Directors may from time to time determine.

ARTICLE II
Meeting of Stockholders

1. PLACE OF MEETINGS. All meetings of the stockholders shall be held at the principal office or place of business of the corporation, or at such place within or without the State of Connecticut as from time to time may be designated by resolution of the Board of Directors.

2. ANNUAL MEETINGS. The annual meetings of the stockholders shall be held on such day, other than a legal holiday, in the month of March or April of each year and at such time and place as may be designated by the Board of Directors. The purpose of such meeting shall be the election of a Board of Directors by ballot and the transaction of such other business as may properly come before such meeting. If the annual meeting of the stockholders be not held as herein prescribed, the election of directors may be held at any meeting thereafter called pursuant to these by-laws or otherwise lawfully held.

3. NOTICE OF ANNUAL MEETING. A notice setting out the day, hour and place of such annual meeting shall be mailed, postage prepaid, to each stockholder of record at his address as the same appears on the stock book of the corporation, or if no such address appears, at his last known address, not less than seven (7) days nor more than fifty (50) days before such annual meeting. Such notice shall also state any proposed amendment or repeal of the by-laws of the corporation and any other proposed matter other than the election of directors which, under the Connecticut Stock Corporation Law, expressly requires the vote of stockholders.

4. ADJOURNMENT OF STOCKHOLDERS' MEETING. If a quorum is not present at any meeting of the stockholders, the stockholders present, in person or by proxy, may adjourn such meeting to such future time as shall be agreed upon by them, and notice of such adjournment shall be given to the stockholders not present or represented at the meeting; but if a quorum be present, the stockholders present may adjourn from day to day as they see fit, and no notice of such adjournment need be given.

5.   SPECIAL MEETINGS. Special Meetings of the stockholders may be called at any time by the President or by resolution of the Board of Directors. A special meeting of the stockholders shall be called by the President upon the request of any two (2) directors or upon the written request of one (l) or more stockholders holding in the aggregate at least one-tenth (1/10) of the total number of shares entitled to vote at such meeting. The Secretary shall mail a notice of such meeting to each stockholder of record not less than seven (7) days nor more than fifty (50) days before such meeting, and such notice shall state the day, hour and place of such meeting and the purpose thereof.

6.   WAIVER OF NOTICE. Notice of any stockholders' meeting may be waived in writing by all the stockholders, and if any stockholder present at a stockholders' meeting does not protest the lack of proper notice prior to or at the commencement of the meeting, he shall be deemed to have waived notice of such meeting.

7.   SHAREHOLDERS' CONSENT. Any resolution in writing approved and signed by all the stockholders or their proxies or attorneys shall have the same force and effect as if it were a vote passed by all the stockholders at a meeting duly called and held for that purpose. In addition, actions taken at any meeting of stockholders however called and with whatever notice given, if any, shall be as valid as though taken at a meeting duly called and held on notice, if:

(l) All stockholders entitled to vote were present in person or by proxy and no objection to holding the meeting was made by any stockholder; or

(2) A quorum was present, either in person or by proxy, and no objection to holding the meeting was made by any stockholder entitled to vote so present, and if, either before or after the meeting, each of the persons entitled to vote not present in person or by proxy signs a written waiver of notice, or a consent to the holding of the meeting or an approval of the action. The Secretary shall record all such resolutions, waivers, consents and approvals in the minute book of the corporation.

8.   QUORUM. A majority of the stock issued and outstanding, either in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders; except that if no quorum be present, a majority of the stockholders present in person or by proxy may adjourn the meeting to such time as they may determine. Notice of any such adjournment shall be given to the stockholders not present or represented at such meeting.

9.   PROXIES. At all meetings of the stockholders any stockholder entitled to vote may vote either in person or by proxy. Such proxy shall be in writing, but need not be sealed, witnessed or acknowledged, and shall be filed with the Secretary before the meeting or before being voted.

10. NUMBER OF VOTES OF EACH STOCKHOLDER. Each stockholder, whether represented in person or by proxy, shall be entitled to one (l) vote for each share of stock standing in his own name on the books of this corporation on the record date.

11. VOTING. In the election of directors and in voting on any question on which a vote by ballot is required by law or is demanded by any stockholder, the voting shall be by ballot; on all other questions it may be viva voce.

12. RECORD DATE. For the purpose of determining which stockholders are entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or which stockholders are entitled to receive payment of any dividend or for any other proper purpose, the Board of Directors, and in the absence of their action the Secretary of the corporation or any other person lawfully acting, shall set a record date which shall not be any earlier than the date on which the Board of Directors, the Secretary or such other authorized party acts to set such record date, no more than seventy (70) nor less than ten (10) days before the particular event requiring such determination of stockholders is to occur.

ARTICLE III
Directors

1. NUMBER, ELECTION AND TERM OF OFFICE. The property, business and affairs of the corporation shall be managed by a Board of Directors composed of not less than three nor more than fifteen directorships in number, which directorships need not be filled by persons who are stockholders. The actual number of directorships shall be fixed by the incorporators and subscribers at their first meeting, and thereafter as the Board of Directors may determine. The first Board of Directors shall be elected at the organizational meeting of the corporation. Thereafter the directors shall be elected by ballot by the stockholders at their annual meeting and shall hold office until the next annual meeting and until their successors shall be chosen and qualified in their stead. (Amended Effective 4/18/94)

2. VACANCIES. Any vacancy in the Board of Directors by reason of death, resignation or other cause may be filled for the unexpired portion of the term by a concurring vote of a majority of the remaining directors in office, or by action of the sole remaining director in office, though such remaining directors are less than a quorum, though the number of directors at the meeting to fill such vacancy are less than a quorum and though such majority is less than a quorum.

3. POWERS OF DIRECTORS. The directors shall have the general management and control of the property, business and affairs of this corporation and shall exercise all the powers that may be exercised or performed by this corporation under the statutes, its Certificate of Incorporation, and these By-laws.

4. PLACE OF MEETINGS. The directors may hold their meetings at such place or places within or without the State of Connecticut as the Board may from time to time determine.

5. REGULAR MEETINGS. A meeting of the directors for the election of officers and the transaction of any other business that may come before such meeting shall be held without other notice immediately following the organization meeting of the corporation and each annual meeting of the stockholders at the place designated therefor.

6. OTHER MEETINGS. Other meetings of the directors may be held whenever the President or a majority of the directors may deem it advisable, notice thereof to be mailed or given orally to each director at lease two (2) days prior to such meeting. (Amended Effective 4/26/88).

7. WAIVER OF NOTICE. Notice of any directors' meeting may be waived in writing by all the directors and, if any director present at a directors' meeting does not protest prior to or at the commencement of the meeting the lack of proper notice, he shall be deemed to have waived notice of such meeting.

8. DIRECTORS' CONSENT. Any resolution in writing, approved and signed by all the directors, shall have the same force and effect as if the same were a vote passed by all the directors at a meeting duly called and held for that purpose, and such resolution shall be recorded by the Secretary in the minute book of the corporation.

9. QUORUM. A majority of the directorships shall constitute a quorum for the transaction of business at all meetings of the Board of Directors, but any number less than a quorum may adjourn such meeting to a specified date. The act of a majority of the directors present at a meeting at which a quorum is present at the time of the act shall be the act of the Board of Directors.

10. COMPENSATION OF DIRECTORS. Directors as such shall not receive any stated compensation or salary for their services but, by resolution of the Board, a fixed sum and expenses of attendance may be allowed for attendance at each regular or special meeting of the Board, provided, however, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

11. COMMITTEES. The Board of Directors may, by resolution adopted by the affirmative vote of directors holding a majority of the directorships, create one or more committees, such as an Executive Committee, comprising in each case two or more directors, which committee or committees shall have and may exercise all such authority of the Board of Directors as may be delegated to it in such resolution or thereafter by similar resolution.

12. DIRECTOR EMERITUS. The Board of Directors may, from time to time, appoint any former director of the corporation who shall have retired from the board for reasons of age, health or similar reasons, as Director Emeritus of the corporation. A Director Emeritus shall be entitled to attend such meetings of the directors and be compensated therefor as the board may determine.

13. VICE CHAIRMAN. The Board of Directors may, from time to time, appoint a Vice Chairman of the Board of Directors from among the then serving members of the board who, in the absence or incapacity of the Chairman, shall have the powers and responsibilities of the Chairman with respect to meetings of the Board of Directors and of the Shareholders and shall also assist the Chairman with respect to meetings of the Board of Directors and of the Shareholders as the Chairman may request. The position of Vice Chairman shall not be a corporate office or carry with it any of the powers or responsibilities of any corporate office of the corporation, however, the same individual may simultaneously serve as Vice Chairman and as a corporate officer of the corporation. The Vice Chairman shall serve for a term of one year and until his successor is duly appointed and qualified but may be removed by the Board of Directors at any time with or without cause and with or without notice or hearing. The Vice Chairman may be compensated for his services as such as the board may determine. (Added Effective February 9, 1999)

ARTICLE IV
(Amended in its entirety effective 4/24/90)
Officers

1. The directors shall elect a Chairman, a President, one or more Vice Presidents, a Treasurer and a Secretary, and may from time to time appoint such other officers as they, the directors, deem expedient. Any two or more offices may be held by the same person except the offices of President and Secretary. The duties of officers of the corporation shall be such as are prescribed by these By-laws and as may be prescribed by the directors.

2. CHAIRMAN. The Chairman shall preside at all meetings of the directors and of the stockholders and unless the directors otherwise determine, he shall be the chief executive officer of the corporation. As Chief Executive Officer, he shall have general control and management of the corporation's business and affairs, subject to the direction of the Board of Directors. He shall consult with and advise the President concerning the operations of the corporation. The Chairman shall perform such additional duties as may be assigned to him from time to time by the Board of Directors.

3. PRESIDENT. The President shall perform all duties incident to the office of President and shall have full authority and responsibility for the operation of the business of the corporation, subject to the direction of the Board of Directors and the Chief Executive Officer. In the event of the absence or disability of the Chairman, the President shall perform the duties and have the power of the Chairman. The President shall perform such additional duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

4. VICE PRESIDENT. Any Vice President shall have the powers and perform such duties as may be assigned to him by the Board of Directors or the Chief Executive Officer.

5. SECRETARY. The Secretary shall keep a record of the minutes of the proceedings of all meetings of stockholders and directors and shall issue all notices required by law or by these By-laws, and he shall discharge all other duties required of such officer by law or designated from time to time by the Board of Directors or by the Chief Executive Officer or as are incident to the office of Secretary. He shall have the custody of the seal of this corporation and all books, records and papers of this corporation, except such as shall be in the charge of the Treasurer or of some other person authorized to have custody and possession thereof by a resolution of the Board of Directors.

6. TREASURER. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, keep full and accurate accounts of receipts and disbursements and books belonging to the corporation, deposit all moneys and valuable effects in the name and to the credit of the corporation in depositories designated by the Board of Directors, and, in general, perform such other duties as may from time to time be assigned to him by the Board of Directors or by the Chief Executive Officer or as are incident to the office of Treasurer.

7. TERM OF OFFICE. Each of such officers shall serve for the term of one year and until his successor is duly appointed and qualified, but any officer may be removed by the Board of Directors at any time with or without cause and with or without notice of hearing. Vacancies among the officers by reason of death, resignation or other causes shall be filled by the Board of Directors.

8. COMPENSATION. The compensation of all officers shall be fixed by the Board of Directors, and may be changed from time to time by a majority vote of the board.

ARTICLE V
Issue and Transfer of Stock

1. CERTIFICATES. Certificates of stock shall be in form authorized or adopted by the Board of Directors and shall be consecutively numbered, provided that each certificate shall set forth upon its face as at the time of issue: the name of this corporation, a statement that this corporation is organized under the laws of the State of Connecticut, the name of the person to whom issued, the number of shares represented thereby and the par value of each such share; and provided that each certificate shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and shall be sealed with the seal of this corporation.

2. TRANSFER. The stock of the corporation shall be transferred only upon the books of the corporation either by the stockholder in person, or by power of attorney executed by him for that purpose, upon the surrender for cancellation of the old stock certificate. Prior to due presentment for registration of transfer of a security, the corporation shall treat the registered owner of a security as the person exclusively entitled to vote, receive notifications and dividends, and otherwise to exercise all the rights and powers of the shares represented by such security.

The form of transfer shall be as follows:

For value received________________________hereby sell, assign and transfer unto

____________ ______shares of the capital stock represented by the within certificate and do

hereby irrevocably constitute and appoint _______________to transfer the said stock on the

books of the within named corporation with full power of substitution in the premises.

Dated_________________________, 19_____.

In the presence of:____

New certificates shall thereupon be issued to the purchaser or assignee.

ARTICLE VI
Seal

1. The seal of this corporation shall have inscribed thereon the name of this corporation, the word "Seal" and the word "Connecticut", and shall be in the custody of the Secretary.

ARTICLE VII
Fiscal Year

1. The fiscal year of the corporation shall commence on January 1.

ARTICLE VIII
Amendments

1. The by-laws of the corporation may be adopted, amended or repealed at any validly called and convened meeting of the Board of Directors by the affirmative vote of Directors holding a majority of the number of directorships at the time or by the unanimous written consent of the Board of Directors as provided in Article III, Section 8 of these by-laws. Any notice of a meeting of the Board of Directors at which by-laws are to be adopted, amended or repealed shall include notice of such proposed action. (Amended Effective 4/18/94).

EXHIBIT 10C

August 10, 1998

Mr. C. William Kaman II
221 Newgate Road
East Granby, CT 06026

Dear Bill:

This letter is to summarize our discussions as a result of your decision to resign all officer and director positions with Kaman Corporation and its subsidiaries, with the exception of your position as a member of the Board of Directors of Kaman Corporation, effective August 11, 1998. In order to provide for your availability after that date and to enhance your retirement benefits, we have agreed as follows:

1. EMPLOYMENT AS SENIOR EXECUTIVE ADVISOR. Beginning August ll, 1998 and ending on December 31, 2001 (the "Advisor Period"), Kaman Corporation (sometimes referred to as "we" or "the Corporation"in this Agreement) will retain you in full time employee status, holding the position of Senior Executive Advisor. During the Advisor Period, you will receive monthly salary payments at the annual rate Two Hundred Forty Five Thousand Dollars ($245,000), which payments will be subject to tax and employee benefit withholdings. In this position, you will be eligible for all the usual employee benefits available to other senior executive Kaman Corporation employees.

This arrangement is not intended to restrict your pursuit of other business interests. However, it is recognized that your position and length of experience at Kaman Music Corporation ("Music") provide you with a unique professional perspective. Therefore, for a period of one year beginning August 11, 1998, you will provide professional guidance to Music management from time to time. Appropriate office facilities will be made available to you for the occasions upon which you visit Music. Should Music management request you to attend trade shows, events, or special calls, and if you agree to attend same, you will be reimbursed for the travel expenses you incur, including lodging, transportation and meals.

2. STOCK APPRECIATION RIGHTS, RESTRICTED STOCK AWARDS AND STOCK OPTIONS. At December 31, 2001, we will cause the remaining restrictions on your existing restricted stock awards to lapse as of that date and will pay you an amount equal to the fair market value of the shares on that date. In addition, at December 31, 2001, for all your existing stock options and stock appreciation rights then outstanding (whether exercisable or non-exercisable), we will pay you the difference between their exercise prices and the fair market value of the shares at that date. Fair market value will be determined by the closing price of the Class A common stock on December 31, 2001.

3. ELIGIBILITY FOR GROUP MEDICAL COVERAGE AT END OF ADVISOR PERIOD. At the end of the Advisor Period, you, Loraine, Kathryn and Tyson will also be considered eligible for the Connecticut General group medical insurance program on the same basis as other members of the Kaman family. Please note that Jill and Laurel are currently included in the "other members of the Kaman family" group and John has coverage as an employee of Kamatics.

4. EARLY TERMINATION OF THE ADVISOR PERIOD. Notwithstanding any other provision of Agreement, you may end this Agreement at any time prior to December 31, 2001. You shall exercise this right on the date you wish to terminate the Agreement by providing written notification to the office of the President, Kaman Corporation on that date (the "Early Termination Date"). As of the Early Termination Date, we will pay you a lump sum equal to the total of unpaid monthly salary payments that would otherwise have been paid through December, 2001. In addition, as of the Early Termination Date, for all your existing restricted stock awards then remaining subject to restrictions, we will pay you the fair market value of the shares on that date, and for all your existing stock options and stock appreciation rights outstanding at the Early Termination Date (whether exercisable or non-exercisable), we will pay you the difference between their exercise prices and the fair market value of the shares at the Early Termination Date. Fair market value will be determined by the closing price of the Class A common stock on the Early Termination Date. At the Early Termination Date, you, Loraine, Kathryn and Tyson will also be considered eligible for the Connecticut General group medical insurance program on the same basis as other members of the Kaman family.

If the Early Termination Date occurs before December 31, 1999, we will pay the premium for your existing group universal life insurance policy through December 31, 1999 and will provide you with estate and tax planning services reimbursement under the Kaman Corporation program, through December 31,1999.

5. AUTOMOBILE. At August 11, 1998, we will give you the 1995 Saab 9000 company automobile that you now have. The value then attributed to it by the leasing company (i.e., the remaining lease payments) will be considered "fringe benefit" income to you and that amount will be subject to tax in 1998.

6. PAYMENTS UPON YOUR DEATH. In the event of your death during the term of your employment as Senior Executive Advisor, such date will automatically be considered the Early Termination Date and the payments described in Section 4 shall be made to your estate.

If the foregoing accurately reflects your understanding of our agreement, please sign and date this letter in the space provided. When fully signed, this letter will constitute our entire agreement regarding this matter. As additional consideration for the three and one half year employment agreement, this letter and your signature to the attached General Release and Agreement will also constitute your general release of Kaman Corporation and its subsidiaries from any matters other than those described in this letter.

Sincerely,

Charles H. Kaman, President

Accepted and Agreed to this 10th
day of August, 1998.

C. William Kaman II

EXHIBIT 11

KAMAN CORPORATION AND SUBSIDIARIES

EARNINGS PER COMMON SHARE COMPUTATION

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

EXHIBIT 13, PORTIONS OF THE CORPORATION'S ANNUAL REPORT TO SHAREHOLDERS

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

RESULTS OF OPERATIONS

In response to a recommendation made by Charles H. Kaman, the corporation's founder, chairman, chief executive officer and president, the board of directors established a committee in December, 1998, to conduct a search for a new chief executive officer. Mr. Kaman will continue as chief executive officer in the interim and will remain as Chairman of the Board of Directors once a successor is named. In announcing the decision, Mr. Kaman emphasized that the goal is for the corporation to continue to be led in the cultural tradition that has sustained it for more than 50 years. The search is in progress.

Mr. Kaman continues to make an excellent recovery from a mild stroke suffered in August of last year. Until his return to the office, ongoing business activities will continue to be coordinated through Robert M. Garneau, the corporation's executive vice president and chief financial officer.

Effective with calendar year 1998, the corporation has reorganized its business segment reporting in accordance with the criteria of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." The corporation now reports information in the following segments: Aerospace, Industrial Distribution and Music Distribution. Prior periods have been restated to reflect these segments and an additional segment identified as Scientific Services, representing operations at Kaman Sciences Corporation, a subsidiary that was sold on December 30, 1997.

Consolidated revenues were $1.0 billion for 1998 and 1997, compared to $953.7 million for 1996. Results for 1998 reflect increased revenue in the Aerospace segment that, to a large extent, offset the loss of revenue that had been contributed by the Scientific Services segment. The 1997 increase of almost 10% was due to results in the Aerospace, Scientific Services and Industrial Distribution segments.

Aerospace segment net sales increased almost 33% in 1998, 28% in 1997, and 8% in 1996. The Aerospace segment's principal programs include the SH-2G multi-mission naval helicopter, the K-MAX (Registered Trademark) helicopter, subcontract work involving airframe structures, and the manufacture of niche market products such as self-lubricating bearings and driveline couplings for aircraft applications.

The SH-2G helicopter program generally involves retrofit of the corporation's SH-2F helicopters, previously manufactured for the U.S. Navy (and currently in desert storage), to the SH-2G configuration. The corporation is currently performing this work

under three contracts with foreign governments. Specifically, the corporation has completed delivery of ten (10) SH-2G helicopters to the Republic of Egypt under that country's foreign military sale agreement with the U.S. Navy. This work has a value of about $150 million, virtually all of which has been recorded as sales. The corporation is currently conducting pilot training and providing support for program start-up issues.

The corporation also has commercial sale contracts with the Commonwealth of Australia and the Government of New Zealand for the supply of retrofit SH-2G aircraft. The work for Australia involves eleven (11) helicopters (incorporating a new cockpit and new weapons and sensors) with support, including a support services facility, for the Royal Australian Navy. This contract has an anticipated value of nearly $600 million, of which about 26% has been recorded as sales. The work for New Zealand involves four (4) aircraft, and support, for New Zealand defense forces. This contract has an anticipated value of nearly $170 million, of which about 24% has been recorded as sales. Work is proceeding on both programs, and deliveries are expected to begin in the 2000 - 2001 time frame.

The corporation is pursuing other potential SH-2 business (including possible further orders from current customers) as various countries develop their naval helicopter requirements. This market is highly competitive and naturally influenced by global economic and political conditions. Management believes that conditions currently prevailing in some areas have slowed the prospects for potential sales, a prime example being economic difficulties in Asia.

The SH-2 is an aircraft that was originally manufactured for the United States Navy. This is no longer the case, however, the U.S. Naval Reserves has twelve (12) SH-2G aircraft active in its fleet. Management anticipates that at some point, the aircraft will be retired from this type of service as well. In the meantime, the corporation expects to continue providing logistics and spare parts support for the aircraft.

Since the K-MAX helicopter received its certification in August of 1994, the corporation has been conservative in its production of this medium to heavy lift 'aerial truck' which has a variety of potential applications, including logging, oil and gas exploration, power line construction and fire fighting. Having operated in the aviation industry for more than fifty years, management has anticipated that it would take some time to develop markets for a new aircraft and thus achieve sales and profitability. The principal application for the K-MAX to date has been in the commercial logging industry. During the past two years, this market has weakened significantly, particularly in the U.S. Pacific Northwest and Canada, due in part to the effect of economic conditions in Asia upon export sales. These circumstances appear to

be affecting certain current customers as well as potential sales of the K-MAX. Production of the aircraft has been adjusted accordingly. The K-MAX also has a potential non-combat role for the military in the task of vertical replenishment ("VERTREP"). As the federal government has explored the concept of outsourcing this role to commercial providers, the U.S. Navy Military Sealift Command has awarded K-MAX two separate demonstration projects using charter/lease arrangements. Although there was no activity in this arena during 1998, management believes that the federal government is continuing to consider the commercial outsourcing alternative. As reported previously, the market for this new aircraft also has been affected by the existence of military surplus aircraft that have been (and may be in the future) released to the public at lower cost than new aircraft.

The corporation also performs subcontract work for certain airframe manufacturing programs and manufactures various niche market products, including self-lubricating bearings for use principally in aircraft; and driveline couplings for use in helicopters. These businesses have benefitted from growth in the commercial aviation industry, although management believes that this growth trend is beginning to level off. Boeing, for example, is an important and long-standing customer for our airframe subcontract work and certain niche market products; while management believes that the corporation is well positioned to maintain its level of business with this customer, pricing pressure is expected to intensify.

As to the Scientific Services segment, the corporation sold Kaman Sciences to ITT Industries, Inc. on December 30, 1997 for $135 million in cash. There was a pre-tax gain on the sale of approximately $90 million, which is not included in the operating profits for the Scientific Services segment. In the third quarter of 1998, the corporation received an additional $5.4 million in cash, determined in accordance with the Stock Purchase Agreement for the sale. This segment's net sales increased 16% for 1997 to approximately $145 million, and 9.6% for 1996 to approximately $125 million. Management's decision to sell the operation was based upon its assessment of trends in the defense sciences industry, including increasing consolidation and a tendency for defense sciences contracts to become larger in size and longer in duration in relation to the corporation's determination to focus capital investment in its aerospace and industrial distribution businesses.

Industrial Distribution segment net sales increased 5% in 1998, 7% in 1997, and 4% in 1996. Increased net sales for this segment are due in part to its expansion of branch locations in the past few years and to its ongoing efforts to differentiate the business by offering a product mix which incorporates more value-added high technology and providing certain technical

services to support customer needs. However, the Industrial Distribution segment serves nearly every sector of U.S. industry and so tends to be influenced by industrial production levels. Export demand in certain industries has been adversely affected by economic difficulties in Asia, including the lumber, chemicals, paper products and semiconductor industries, which has resulted in increased competition and price pressure on the Industrial Distribution segment's operations. Moreover, while industrial distribution has traditionally been a very competitive business, increasing consolidation in the industry appears to be resulting in even more intense competition. In this environment, the company is working to focus sales efforts in the markets that offer the best opportunities and to carry out initiatives to enhance operating efficiencies, including consolidation and centralization of various support functions.

Music Distribution segment net sales decreased by 10% in 1998 and by 13% in 1997, while increasing by 4% in 1996. The decrease in segment net sales for 1998 is largely due to loss of sales associated with the European amplifier manufacturing business that was sold during 1997 and to continuing weakness in international markets brought on by the economic difficulties in Asia. Management continues implementation of initiatives to improve operating efficiency while reorienting its product offerings to adapt to shifts in musical tastes and buying habits as well as changes in the nature of its customer base.

Total operating profits for the segments in 1998 increased by almost 6% compared to 1997 (including the Scientific Services segment in 1997). Operating profits for the Aerospace segment increased 38% for 1998 compared to the prior year, primarily due to the SH-2G program and demand for its specialty bearings, offset to some degree by costs associated with the K-MAX program and difficulties experienced by the electromagnetics business in developing new markets for niche market products and transitioning from defense to commercial business. Operating profits for the Industrial Distribution segment decreased 7% for 1998 compared to 1997, due primarily to the effects of the economic difficulties in Asia upon certain of the company's customers. Operating profits for the Music Distribution segment were up substantially in 1998 compared to the prior year, due primarily to the loss resulting from charges taken in this segment during 1997.

Net earnings for 1998 were $30.0 million, compared to $70.5 million in 1997. Results for 1997 include a post-tax gain of approximately $53.5 million on the sale of the Scientific Services segment and a post-tax loss of $6.1 million on the sale of the Music Distribution segment's European amplifier manufacturing business. Net earnings per common share basic in 1998 were $1.28 ($1.23 per common share diluted) compared to $3.53 per common share basic ($2.86 per common share diluted) in 1997. The sale of the

Scientific Services segment resulted in a post-tax gain of approximately $2.80 per common share basic in 1997 while the sale of the amplifier business in the Music Distribution segment resulted in a post-tax loss of 32 cents per common share basic in 1997.

Total operating profits for the segments for 1997 increased by 2% compared to 1996. Operating profits for the Aerospace segment increased 19% for 1997 compared to the prior year, primarily due to the SH-2G program and demand for specialty bearings, offset to some extent by the aforementioned difficulties in the electromagnetics business. Operating profits for the Scientific Services segment in 1997 were level with 1996. Operating profits for the Industrial Distribution segment increased 8% in 1997 compared to 1996, due primarily to growth in new branch locations. Operating profits for the Music Distribution segment were down substantially in 1997, principally due to the charge taken and loss of amplifier sales in the segment.

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

Interest expense decreased almost 68% for the year ended December 31, 1998 compared to the prior year, primarily due to the application of a substantial portion of advance payments received from the governments of Australia and New Zealand and a portion of the proceeds from the sale of the Scientific Services segment to pay down bank debt. For the year, interest expense attributable to the corporation's debentures was more than offset by interest income earned from investment of surplus cash. Interest expense decreased 21% in 1997 compared to 1996. The reduction was primarily due to the application of a substantial portion of advance payments received from the governments of Australia and New Zealand to pay down bank debt.

The consolidated effective income tax rate was 40.4% for 1998, 41.4% for 1997, and 42.0% for 1996.

Effective January 1, 1998, the corporation adopted: (1) Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." The Statement requires the corporation to report "comprehensive income" as defined therein. Please refer to the Notes to Consolidated Financial Statements for more information; (2) Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information." The Statement changes the criteria used to determine the segments for which the corporation must report information. This item is discussed herein; please also see the Notes to Consolidated Financial Statements for more information; and (3) Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." The Statement requires additional disclosures on changes in the benefit obligations and fair values of plan assets during the year. Please refer to the Notes to Consolidated Financial Statements for more information.

As to Year 2000 (Y2K) compliance, management began discussions on this subject with its board of directors and the board's audit committee in early 1997. During the fourth quarter of that year, KPMG LLP was retained as a consultant to assist in formalizing the Y2K compliance program and to provide periodic assessment of the corporation's progress. During the first quarter of 1998, each operating subsidiary designated a program manager responsible for coordinating its activities and developed a plan providing for inventory assessment of all Y2K related matters (including hardware, software, networks, facilities systems and embedded systems in product deliverables) as well as the status of suppliers and service providers; conversion, upgrade or replacement of applications, as needed; and compliance testing and problem solving, all to be accomplished within timetables established under the plan. Planning and assessment phases have been completed with all matters that are not satisfactory "as is" to be remediated either with a vendor upgrade or replacement. Activities in the fourth quarter of 1998 focused principally on testing to confirm compliance. To date, compliance timetables are being met, such that the corporation is on schedule to achieve overall Y2K compliance, including testing, by June 30, 1999. Contingency plans will be established in the event they become appropriate at that time. In addition, the corporation and each operating subsidiary are currently working with suppliers, customers and service providers to gauge their Y2K readiness and monitor their progress toward compliance. An oversight committee reporting to the executive vice president and chief financial officer, has been established at corporate headquarters to monitor the progress of each subsidiary's compliance work. Senior management provides progress reports to the corporation's board of directors and audit committee on a regular basis. The corporation separately identifies costs of Y2K efforts as an internal management tool and based upon information known to it at this time, management does not anticipate that the costs of addressing Y2K issues will be material to the corporation's

financial position, results of operations, or cash flows in future periods. Naturally, there can be no assurance that third parties' systems, upon which the corporation and its subsidiaries may rely, will become Y2K compliant in a timely manner. The corporation cannot foresee the eventual outcome associated with the arrival of the millennium and the impact that potential computer failures within the corporation or among significant customers, suppliers or service providers might have on the corporation's operations. It is conceivable that if such failures occur, there could be an adverse impact upon the corporation's operations.

LIQUIDITY AND CAPITAL RESOURCES

The corporation's cash flow from operations has generally been sufficient to finance a significant portion of its working capital and other capital requirements. In 1997, additional cash was provided by the sale of the Scientific Services segment and the advance payments made by the governments of Australia and New Zealand relative to their SH-2G orders.

During 1998, operating activities used cash, principally due to increases in accounts receivable and inventories in the Aerospace segment, and payment of taxes due on the Kaman Sciences transaction, offset by increases in accounts payable in the Aerospace segment. During the year, cash used in investing activities was for items such as acquisition of machinery and computer equipment used in manufacturing and distribution, while cash provided by investing activities consisted principally of a post closing adjustment to the purchase price of the Scientific Services segment. Cash used by financing activities was primarily attributable to the repayment of debt, the payment of dividends to common shareholders, and repurchase of Class A common stock pursuant to a repurchase program for use in connection with administration of the corporation's stock plans.

The corporation had approximately $59.6 million in surplus cash at December 31, 1998, with an average of $55.3 million for the year. These funds have been invested in high quality, short-term instruments.

For 1997, operating activities generated cash, principally due to advance payments from the governments of Australia and New Zealand under their SH-2G programs (which payments are discussed further below). This result was partially offset by working capital requirements, primarily due to increases in accounts receivable for the SH-2G programs for Egypt, Australia and New Zealand. For 1996, operating activities required additional cash due principally to growth in accounts receivable and inventories. Accounts receivable increased in 1996 due to the SH-2G program for Egypt. Increases in inventory levels have been primarily attributable to the K-MAX helicopter program. Inventories at December 31, 1996 include K-MAX aircraft that were principally being used in various applications

under shorter-term lease or charter/lease arrangements. Inventory growth in the Industrial Distribution segment was in line with increased business. Cash used in investing activities has traditionally been for the acquisition of machinery and computer equipment used in manufacturing and distribution. During 1997, these customary requirements were more than offset by proceeds from the sale of businesses and other assets, principally the disposition of the Scientific Services segment. For 1996, proceeds from the sale of property, plant and equipment increased, primarily due to the sale of certain real estate associated with Scientific Services segment. During 1997, cash used by financing activities was primarily attributable to payments made to reduce bank debt and the payment of dividends. Cash provided by financing activities during 1996, after payment of dividends, was used primarily to support the increase in working capital requirements previously described.

At December 31, 1998, the corporation had approximately $30 million of its 6% convertible subordinated debentures outstanding. The debentures are convertible into shares of Class A common stock at any time on or before March 15, 2012 at a conversion price of $23.36 per share, generally at the option of the holder. Pursuant to a sinking fund requirement that began March 15, 1997, the corporation redeems approximately $1.7 million of the outstanding principal of the debentures each year.

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

During 1997, the governments of Australia and New Zealand made advance payments of $104.3 million in connection with their SH-2G contracts, which were fully secured by the corporation through the issuance of irrevocable letters of credit. As of December 31, 1998, the face amount of these letters of credit has been reduced to about $54 million, in accordance with the terms of the relevant contracts. Further reductions are anticipated as certain contract milestones are achieved.

Under the revolving credit agreement, the corporation has the ability to borrow funds on both a short-term and long-term basis. As of December 31, 1998, the corporation had virtually no outstanding borrowings. Average borrowings were $3.3 million compared to $84.8 million for 1997 and $125 million for 1996. Substantially all of the advance payments described above and certain of the proceeds from the sale of the Scientific Services segment were used to pay down bank debt in 1997.

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

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

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information relating to the corporation's business and prospects, including the SH-2G and K-MAX helicopter programs, specialty self-lubricating bearings and couplings, the industrial and music distribution businesses, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Those uncertainties include, but are not limited to: 1) the successful conclusion of contract negotiations with government authorities, including foreign governments; 2) political developments in countries where the corporation intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) economic and competitive conditions in markets served by the corporation, including industry consolidation in the United States and global economic conditions (most notably, in Asia); 5) the degree of acceptance of new products in the marketplace; 6) U.S. industrial production levels; 7) achievement of Year 2000 compliance by the corporation, its customers, suppliers and service providers, including various federal, state and foreign governments and agencies thereof; 8) currency exchange rates, taxes, laws and regulations, inflation rates, general business conditions and other factors. Any forward-looking information should be considered with these factors in mind.

SELECTED QUARTERLY FINANCIAL DATA

(In thousands except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
NET SALES:					
1998	$ 238,780	$ 247,106	$ 249,184	$ 269,471	$1,004,541
1997	251,794	249,920	269,852	271,799	1,043,365
GROSS PROFIT:					
1998	$ 63,073	$ 65,179	$ 64,310	$ 70,260	$ 262,822
1997	62,726	61,475	63,574	67,619	255,394
NET EARNINGS (LOSS):					
1998	$ 6,976	$ 7,617	$ 7,600	$ 7,815	$ 30,008
1997	(4,407)	6,710	7,097	61,104	70,504
PER COMMON SHARE - BASIC:					
1998	$ .31	$ .32	$ .32	$ .33	$ 1.28
1997	(.28)	.31	.33	3.15	3.53
PER COMMON SHARE - DILUTED:					
1998	$ .29	$ .31	$ .31	$ .32	$ 1.23
1997	(.28)	.28	.29	2.43	2.86

Due to the loss in the first quarter of 1997, the quarterly per common share amounts for 1997 do not equal the "Total Year" figure.

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

December 31	1998	1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 65,130	$ 109,974
Accounts receivable	213,128	191,154
Inventories	207,897	199,485
Deferred income taxes	20,900	21,475
Other current assets	9,449	13,216
Total current assets	516,504	535,304
PROPERTY, PLANT AND EQUIPMENT, NET	65,773	57,625
OTHER ASSETS	4,953	5,232
	$ 587,230	$ 598,161
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 3,141	$ 5,547
Current portion of long-term debt	1,660	1,660
Accounts payable - trade	51,571	45,264
Accrued salaries and wages	9,696	10,254
Accrued vacations	6,464	5,575
Advances on contracts	101,376	104,723
Other accruals and payables	49,138	49,774
Income taxes payable	5,929	36,728
Total current liabilities	228,975	259,525
DEFERRED CREDITS	20,555	18,759
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	28,206	29,867

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

December 31	1998	1997
SHAREHOLDERS' EQUITY:		
Capital stock, $1 par value per share:		
Preferred stock, authorized 700,000 shares:		
Series 2 preferred stock, 6 1/2% cumulative convertible (stated at liquidation preference of $200 per share) authorized 500,000 shares, issued 188,456 shares in 1997	--	37,691
Common stock:		
Class A, authorized 48,500,000 shares, nonvoting; $.10 per common share dividend preference; issued 23,066,260 shares in 1998 and 19,936,385 shares in 1997	23,066	19,936
Class B, authorized 1,500,000 shares, voting; issued 667,814 shares in 1998 and 1997	668	668
Additional paid-in capital	78,899	42,876
Retained earnings	209,920	190,336
Unamortized restricted stock awards	(1,500)	(1,147)
Accumulated other comprehensive income (loss)	(774)	(320)
	310,279	290,040
Less 51,171 shares and 2,929 shares of Class A common stock in 1998 and 1997, respectively, held in treasury, at cost	(785)	(30)
Total shareholders' equity	309,494	290,010
	$ 587,230	$ 598,161

See accompanying notes to consolidated financial statements.

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

Year ended December 31	1998	1997	1996
REVENUES:			
Net sales	$1,004,541	$1,043,365	$ 948,106
Other	1,465	1,450	5,548
	1,006,006	1,044,815	953,654
COSTS AND EXPENSES:			
Cost of sales	741,719	787,971	708,505
Selling, general & administrative expense	212,724	208,763	193,747
Net gain on sale of businesses	--	(80,351)	--
Interest expense (income), net	(353)	7,894	10,023
Other expense	1,558	234	702
	955,648	924,511	912,977
EARNINGS BEFORE INCOME TAXES	50,358	120,304	40,677
INCOME TAXES	20,350	49,800	17,100
NET EARNINGS	$ 30,008	$ 70,504	$ 23,577
PREFERRED STOCK DIVIDEND REQUIREMENT	$ --	$ (3,716)	$ (3,716)
EARNINGS APPLICABLE TO COMMON STOCK	$ 30,008	$ 66,788	$ 19,861
PER SHARE:			
Net earnings per common share:			
Basic	$ 1.28	$ 3.53	$ 1.07
Diluted	1.23	2.86	1.00
Dividends declared:			
Series 2 preferred stock	--	13.00	13.00
Common stock	.44	.44	.44

See accompanying notes to consolidated financial statements.

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

Year ended December 31	1998	1997	1996
SERIES 2 PREFERRED STOCK:			
Balance - beginning of year	$ 37,691	$ 57,167	$ 57,167
Shares converted	(37,691)	(19,451)	--
Shares redeemed	--	(25)	--
Balance - end of year	--	37,691	57,167
CLASS A COMMON STOCK:			
Balance - beginning of year	19,936	18,075	17,788
Shares issued upon conversion	3,000	1,548	--
Shares issued - other	130	313	287
Balance - end of year	23,066	19,936	18,075
CLASS B COMMON STOCK	668	668	668
ADDITIONAL PAID-IN CAPITAL:			
Balance - beginning of year	42,876	21,696	19,319
Conversion of Series 2 preferred stock	34,691	17,903	--
Employee stock plans	318	2,506	1,871
Restricted stock awards	1,014	771	506
Balance - end of year	78,899	42,876	21,696
RETAINED EARNINGS:			
Balance - beginning of year	190,336	132,058	120,399
Net earnings	30,008	70,504	23,577
Dividends declared:			
Preferred stock	--	(3,716)	(3,716)
Common stock	(10,424)	(8,510)	(8,202)
Balance - end of year	209,920	190,336	132,058
UNAMORTIZED RESTRICTED STOCK AWARDS:			
Balance - beginning of year	(1,147)	(818)	(609)
Stock awards issued	(949)	(804)	(517)
Amortization of stock awards	596	475	308
Balance - end of year	(1,500)	(1,147)	(818)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):			
Balance - beginning of year	(320)	(612)	(280)
Foreign currency translation adjustment*	(220)	(157)	(332)
Reclassification adjustment	(234)	449	--
Balance - end of year	(774)	(320)	(612)

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

Year ended December 31	1998	1997	1996
TREASURY STOCK:			
Balance - beginning of year	(30)	(104)	(169)
Shares acquired in 1998 - 131,462; 1997 - 259; 1996 - 501	(2,212)	(5)	(5)
Shares reissued under various stock plans	1,457	79	70
Balance - end of year	(785)	(30)	(104)
TOTAL SHAREHOLDERS' EQUITY	$309,494	$290,010	$228,130

[FN]
*Pursuant to the adoption of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," the above foreign currency translation adjustment would be deducted from net earnings for each of the years to arrive at comprehensive income of $29,788, $70,347, and $23,245 for 1998, 1997, and 1996, respectively.

See accompanying notes to consolidated financial statements.

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

Year ended December 31	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 30,008	$ 70,504	$ 23,577
Adjustments to reconcile net earnings to cash provided by (used in)operating activities:			
Depreciation and amortization	11,068	12,223	12,358
Net gain on sale of businesses	--	(80,351)	--
Net gain on sale of assets	(36)	(859)	(4,094)
Deferred income taxes	200	3,718	(1,298)
Other, net	2,841	1,532	1,785
Changes in current assets and liabilities, net of effects of businesses sold:			
Accounts receivable	(21,974)	(30,321)	(7,638)
Inventories	(8,412)	6,241	(20,734)
Other current assets	768	(7,218)	1,614
Accounts payable - trade	6,307	(13,720)	(395)
Advances on contracts	(3,347)	104,723	--
Accrued expenses and payables	(3,054)	(8,555)	(9,744)
Income taxes payable	(30,799)	37,591	--
Cash provided by(used in) operating activities	(16,430)	95,508	(4,569)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of businesses and other assets	5,642	139,580	6,883
Expenditures for property, plant and equipment	(19,184)	(13,690)	(7,966)
Other, net	(478)	559	(333)
Cash provided by(used in) investing activities	(14,020)	126,449	(1,416)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Changes in notes payable	(2,406)	(55,290)	(2,014)
Changes in current portion of long-term debt	--	(250)	1,518
Additions to long-term debt	--	--	20,000
Reduction of long-term debt	(1,661)	(52,564)	(2,446)
Proceeds from exercise of employee stock plans	1,970	2,907	2,217
Purchases of treasury stock	(2,212)	(5)	(5)
Dividends paid-Series 2 preferred stock	--	(3,716)	(3,716)
Dividends paid - common stock	(10,085)	(8,510)	(8,202)
Cash provided by (used in) financing activities	(14,394)	(117,428)	7,352
NET INCREASE(DECREASE)IN CASH AND CASH EQUIVALENTS	(44,844)	104,529	1,367
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	109,974	5,445	4,078
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 65,130	$109,974	$ 5,445

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:
During 1998 and 1997, holders of the corporation's Series 2 preferred stock converted 188,456 and 97,254 shares into 3,000,174 and 1,548,242 shares of Class A common stock, respectively.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Research and Development - Research and development costs not specifically covered by contracts are charged against income as incurred. Such costs amounted to $8,534 in 1998, $6,889 in 1997 and $8,036 in 1996.

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

Comprehensive Income - In 1998, the corporation adopted Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income." This statement establishes rules for the reporting of comprehensive income and its components. The corporation's comprehensive income consists of net earnings and foreign currency translation adjustments and is presented in the Consolidated Statements of Changes in Shareholders' Equity. The adoption of SFAS 130 had no impact on net earnings or on total shareholders' equity. Prior year financial statements have been reclassified to conform to the SFAS 130 requirements.

SALE OF BUSINESSES

On December 30, 1997, the corporation sold Kaman Sciences Corporation (a wholly owned subsidiary) for $135,000 in cash. The sale resulted in a pre-tax gain of $90,751. Certain proceeds from the sale were used to reduce borrowings under the revolving credit agreement with the balance invested in cash equivalents. In the third quarter of 1998, the corporation received an additional $5,400 in cash determined in accordance with the Stock Purchase Agreement for the sale. Kaman Sciences Corporation, an information technology and services operation, contributed $145,000 to 1997 sales.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

December 31	1998	1997
Trade receivables, net of allowance for doubtful accounts of $4,047 in 1998, $3,827 in 1997	$ 79,215	$ 71,197
U.S. Government contracts:		
Billed	20,011	15,467
Recoverable costs and accrued profit - not billed	30,181	60,329
Commercial and other government contracts:		
Billed	48,914	18,950
Recoverable costs and accrued profit - not billed	34,807	25,211
Total	$213,128	$191,154

Recoverable costs and accrued profit - not billed represent costs incurred on contracts which will become billable upon future deliveries, achievement of specific contract milestones or completion of engineering and service type contracts. Management estimates that approximately $5,810 of such costs and accrued profits at December 31, 1998 will be collected after one year.

INVENTORIES

Inventories are comprised as follows:

December 31	1998	1997
Merchandise for resale	$108,833	$107,112
Contracts in process:		
U.S. Government	4,035	7,757
Commercial	12,168	12,194
Other work in process (including certain general stock materials)	45,001	41,088
Finished goods	37,860	31,334
Total	$207,897	$199,485

Included above in other work in process and finished goods at December 31, 1998 and 1997 is K-MAX inventory of $73,249 and $61,936, respectively.

The aggregate amounts of general and administrative costs allocated to contracts in process during 1998, 1997 and 1996 were $55,178, $57,474, and $47,985, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

The estimated amounts of general and administrative costs remaining in contracts in process at December 31, 1998 and 1997 amount to $2,003 and $3,808, respectively, and are based on the ratio of such allocated costs to total costs incurred.

PROPERTY, PLANT AND EQUIPMENT, NET - Property, plant and equipment are recorded at cost and summarized as follows:

December 31	1998	1997
Land	$ 6,310	$ 6,332
Buildings	34,612	32,552
Leasehold improvements	12,725	12,827
Machinery, office furniture and equipment	114,140	101,435
Total	167,787	153,146
Less accumulated depreciation and amortization	102,014	95,521
Property, plant and equipment, net	$ 65,773	$ 57,625

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

Revolving Credit Agreement - The corporation maintains a revolving credit agreement involving several domestic and foreign lenders. The agreement, which expires in 2001, provides for an aggregate maximum commitment of $250,000 with interest payable at various market rates. The agreement was amended in 1997 to specifically address the issuance of irrevocable letters of credit which are treated in the same manner as borrowings under the agreement.

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

Short-term borrowings outstanding are as follows:

December 31	1998	1997
Revolving credit agreement	$ --	$ --
Other credit arrangements	3,141	5,547
Total	$3,141	$5,547

(In thousands except share and per share amounts)

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

December 31	1998	1997
Revolving credit agreement	$ --	$ --
Convertible subordinated debentures	29,866	31,527
Total	29,866	31,527
Less current portion	1,660	1,660
Total excluding current portion	$28,206	$29,867

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

Certain Letters of Credit - The face amounts of irrevocable letters of credit issued under the corporation's revolving credit agreement totaled $53,944 and $104,300 at December 31, 1998 and 1997, respectively.

Convertible Subordinated Debentures - The corporation issued its 6% convertible subordinated debentures during 1987. The debentures are convertible into shares of the Class A common stock of Kaman Corporation at any time on or before March 15, 2012 at a conversion price of $23.36 per share at the option of the holder unless previously redeemed by the corporation. Pursuant to a sinking fund requirement that began March 15, 1997, the corporation redeems $1,660 of the outstanding principal amount of the debentures annually. The debentures are subordinated to the claims of senior debt holders and general creditors. These debentures have a fair value of $29,119 at December 31, 1998 based upon current market prices.

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

Interest Payments - Cash payments for interest were $2,565, $8,695 and $9,682 for 1998, 1997 and 1996, respectively.

ADVANCES ON CONTRACTS - Advances on contracts include customer advances together with customer payments and billings associated with the achievement of certain contract milestones in excess of costs incurred for SH-2G helicopter contracts. A portion of the customer advances are secured by letters of credit. It is anticipated that the face amounts of these letters of credit will be further reduced as various contract milestones are achieved.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

INCOME TAXES

The components of income taxes are as follows:

	1998	1997	1996
Current:			
Federal	$ 15,650	$ 36,532	$ 13,734
State	4,500	9,550	4,664
	20,150	46,082	18,398
Deferred:			
Federal	150	2,968	(434)
State	50	750	(864)
	200	3,718	(1,298)
Total	$ 20,350	$ 49,800	$ 17,100

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

December 31	1998	1997
Deferred tax assets:		
Long-term contracts	$ 1,756	$ 4,178
Deferred employee benefits	15,961	12,268
Inventory	1,529	2,326
Accrued liabilities and other items	7,879	7,803
Total deferred tax assets	27,125	26,575
Deferred tax liabilities:		
Depreciation and amortization	(7,730)	(6,551)
Other items	(3,695)	(4,124)
Total deferred tax liabilities	(11,425)	(10,675)
Net deferred tax asset	$ 15,700	$ 15,900

No valuation allowance has been recorded because the corporation believes that these deferred tax assets will, more likely than not, be realized. This determination is based largely upon the corporation's historical earnings trend as well as its ability to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

carryback reversing items within two years to offset taxes paid. In addition, the corporation has the ability to offset deferred tax assets against deferred tax liabilities created for such items as depreciation and amortization.

The provisions for federal income taxes approximate the amounts computed by applying the U.S. federal income tax rate to earnings before income taxes after giving effect to state income taxes. Cash payments for income taxes were $51,590, $8,623 and $15,823 in 1998, 1997 and 1996, respectively.

PENSION PLAN

Effective January 1, 1998, the corporation adopted Statement of Financial Accounting Standards No. 132 (SFAS 132), "Employers' Disclosures about Pensions and Other Postretirement Benefits," which requires additional disclosures on changes in the benefit obligation and fair value of plan assets during the year. All prior periods presented have been restated in accordance with SFAS 132.

The corporation has a non-contributory defined benefit pension plan covering all of its full-time employees. Benefits under this plan are generally based upon an employee's years of service and compensation levels during employment with an offset provision for social security benefits. It is the corporation's policy to fund pension costs accrued. Plan assets are invested in a diversified portfolio consisting of equity and fixed income securities (including $12,248 of Class A common stock of Kaman Corporation at December 31, 1998).

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

	1998	1997	1996
Service cost for benefits earned during the year	$ 8,794	$ 10,424	$ 9,888
Interest cost on projected benefit obligation	19,648	20,010	18,756
Expected return on plan assets	(22,757)	(22,277)	(21,220)
Net amortization and deferral	(1,909)	(1,909)	(1,904)
Net pension cost	$ 3,776	$ 6,248	$ 5,520

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

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

December 31	1998	1997
Projected benefit obligation at beginning of year	$ 261,127	$ 273,196
Service cost	8,794	10,424
Interest cost	19,648	20,010
Actuarial liability loss	22,387	1,196
Disposition of business units	--	(30,271)
Benefit payments	(14,440)	(13,428)
Projected benefit obligation at end of year	$ 297,516	$ 261,127

The actuarial liability loss of $22,387 for 1998 consists predominantly of adjustments for changes in the discount rate and mortality rate assumptions.

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

December 31	1998	1997
Fair value of plan assets at beginning of year	$ 322,010	$ 307,796
Actual return on plan assets	50,991	51,708
Disposition of business units	(337)	(29,800)
Employer contribution	4,534	5,706
Benefit payments	(14,440)	(13,400)
Fair value of plan assets at end of year	$ 362,758	$ 322,010

December 31	1998	1997
Excess of assets over projected benefit obligation	$ 65,242	$ 60,883
Unrecognized prior service cost	(400)	(456)
Unrecognized net gain	(60,291)	(54,780)
Unrecognized net transition asset	(5,561)	(7,415)
Accrued pension cost	$ 1,010	$ 1,768

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

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

December 31	1998	1997
Discount rate	7%	7 1/2%
Expected return on plan assets	8 5/8%	8 5/8%
Average rate of increase in compensation levels	4%	4 1/2%

In connection with the sale of Kaman Sciences Corporation, effective December 30, 1997, the corporation segregated approximately $29,800 of its plan assets in anticipation of a transfer of such assets to the buyer's pension plan to cover the then estimated accrued benefit obligation for the Kaman Sciences "active employee" group for which the buyer assumed responsibility. The present value of the accrued benefit obligation was determined using the December 1997 PBGC interest rates used to value annuities: 5.6% for the 25 years immediately following the valuation date and 5.0% thereafter, among other assumptions including mortality and estimated retirement ages. In the second quarter of 1998, the sum of $30,137 was transferred to the buyer's pension trust.

The company also has a thrift and retirement plan in which all employees meeting the eligibility requirements may participate. Employer matching contributions are currently made to the plan with respect to a percentage of each participant's pre-tax contribution. Company contributions to the plan totaled $1,683, $2,612, and $2,404 in 1998, 1997, and 1996, respectively.

COMMITMENTS AND CONTINGENCIES

Rent commitments under various leases for office space, warehouse, land and buildings expire at varying dates from January 1999 to December 2004. Certain annual rentals are subject to renegotiation, with certain leases renewable for varying periods. Lease periods for machinery and equipment vary from 1 to 5 years.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

The following future minimum rental payments are required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1998:

1999	$12,069
2000	5,347
2001	3,784
2002	2,677
2003	903
Thereafter	117
Total	$24,897

Lease expense for all operating leases, including leases with terms of less than one year, amounted to $14,683, $15,311 and $14,889 for 1998, 1997 and 1996, respectively.

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

COMPUTATION OF EARNINGS PER COMMON SHARE

The earnings per common share - basic computation is based on the earnings applicable to common stock divided by the weighted average number of shares of common stock outstanding for each year. In 1997 and 1996, the preferred stock dividend on the then outstanding Series 2 preferred stock was deducted from net earnings to arrive at earnings applicable to common stock.

The earnings per common share - diluted computation includes the common stock equivalency of options granted to employees under the Stock Incentive Plan. The earnings per common share - diluted computation also assumes that at the beginning of the year the 6% convertible subordinated debentures are converted into Class A common stock with the resultant reduction in interest costs net of tax. During 1997 and 1996, the then outstanding Series 2 preferred stock is assumed converted into Class A common stock eliminating the preferred stock dividend requirement. Excluded from the earnings per common share - diluted calculation are options granted to employees that are anti-dilutive based on the average stock price for the year.

	1998	1997	1996
Earnings per common share-basic			
Earnings applicable to common stock	$30,008	$66,788	$19,861
Weighted average shares outstanding (000)	23,407	18,941	18,607
Earnings per common share-basic	$ 1.28	$ 3.53	$ 1.07
Earnings per common share - diluted			
Earnings applicable to common stock	$30,008	$66,788	$19,861
Plus: Dividends on Series 2 preferred stock	--	3,716	3,716
After-tax interest savings on convertible debentures	1,075	1,188	1,145
Earnings applicable to common stock assuming conversion	$31,083	$71,692	$24,722
Weighted average shares outstanding (000)	23,407	18,941	18,607
Plus shares issuable on:			
Conversion of Series 2 preferred stock	282	4,523	4,552
Conversion of 6% convertible debentures	1,293	1,359	1,421
Exercise of dilutive options	253	285	129
Weighted average shares outstanding assuming conversion (000)	25,235	25,108	24,709
Earnings per common share-diluted	$ 1.23	$ 2.86	$ 1.00

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

STOCK PLANS

Employees Stock Purchase Plan - The Kaman Corporation Employees Stock Purchase Plan allows employees to purchase Class A common stock of the corporation, through payroll deductions, at 85% of the market value of shares at the time of purchase. The plan provides for the grant of rights to employees to purchase a maximum of 1,500,000 shares of Class A common stock. There are no charges or credits to income in connection with the plan. During 1998, 115,374 shares were issued to employees at prices ranging from $12.43 to $16.47 per share. During 1997, 177,523 shares were issued to employees at prices ranging from $10.84 to $16.79 per share. During 1996, 228,148 shares were issued to employees at prices ranging from $8.82 to $11.21 per share. At December 31, 1998, there were approximately 1,384,626 shares available for offering under the plan.

Stock Incentive Plan - The corporation maintains a Stock Incentive Plan which includes a continuation and extension of a predecessor stock incentive program. The Stock Incentive Plan provides for the grant of non-statutory stock options, incentive stock options, restricted stock awards and stock appreciation rights primarily to officers and other key employees. Effective November 18, 1997, the number of shares of Class A common stock reserved for issuance under this plan was increased by 1,250,000 shares to a total of 2,210,000 shares.

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

Restricted stock awards were made for 62,500 shares at prices ranging from $17.00 to $19.25 per share in 1998, 62,900 shares at prices ranging from $12.13 to $14.63 per share in 1997 and 54,000 shares at $10.38 per share in 1996. At December 31, 1998, there were 134,300 shares remaining subject to restrictions pursuant to these awards. Stock appreciation rights were issued for 165,000 shares at $17.00 per share in 1998 and 350,000 shares at $13.25 per share in 1997, to be settled only for cash. The corporation recorded approximately $203 and $500 in expense in 1998 and 1997, respectively, for these stock appreciation rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

Stock option activity is as follows:

Stock options outstanding:	Options	Weighted-average exercise price
Balance at January 1, 1996	677,047	$ 8.90
Options granted	169,100	10.38
Options exercised	(55,102)	7.86
Options cancelled	(26,065)	9.00
Balance at December 31, 1996	764,980	9.30
Options granted	193,700	13.41
Options exercised	(147,720)	8.28
Options cancelled	(19,880)	9.33
Balance at December 31, 1997	791,080	10.50
Options granted	205,000	17.00
Options exercised	(79,845)	8.94
Options cancelled	(121,415)	10.56
Balance at December 31, 1998	794,820	$ 12.32

Weighted average contractual life remaining at December 31, 1998	6.8 years	
Range of exercise prices for options outstanding at December 31, 1998	$ 7.50- $ 12.25	$ 12.26- $ 17.06
Options outstanding	429,270	365,550
Options exercisable	317,940	32,010
Weighted average contractual remaining life of options outstanding	5.3 years	8.7 years
Weighted average exercise price:		
Options outstanding	$ 9.70	$ 15.40
Options exercisable	$ 9.42	$ 13.44

As of December 31, 1997 and 1996, there were 378,300 and 437,000 options exercisable, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

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

	1998	1997	1996
Net earnings:			
As reported	$ 30,008	$ 70,504	$ 23,577
Pro forma	29,534	70,075	23,212
Earnings per common share - basic:			
As reported	1.28	3.53	1.07
Pro forma	1.26	3.50	1.05
Earnings per common share - diluted:			
As reported	1.23	2.86	1.00
Pro forma	1.22	2.86	.99

The fair value of each option grant is estimated on the date of grant by using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for grants in 1998, 1997, and 1996:

	1998	1997	1996
Expected dividend yield	2.6%	3.3%	4.2%
Expected volatility	31%	24%	25%
Risk-free interest rate	5.6%	6.4%	5.8%
Expected option lives	8 Years	8 years	8 years
Per share fair value of options granted	$ 5.78	$ 3.65	$ 2.38

SEGMENT INFORMATION

Effective January 1, 1998, the corporation adopted Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information" which has changed the method of reporting information about its businesses. Based upon the criteria described in SFAS 131, the corporation now reports three business segments - Aerospace, Industrial Distribution and Music Distribution. All prior periods presented have been restated in accordance with SFAS 131.

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

The Industrial Distribution segment provides replacement parts, including bearings, power transmission, motion control and materials handling components to nearly every sector of industry in North America, along with industrial engineering support services. Operations are conducted from 190 locations in 36 states and British Columbia, Canada.

The Music Distribution segment consists of distribution of music instruments and accessories in the U.S. and abroad through offices in the U.S. and Canada. Music operations also include some manufacture of guitars. On June 27, 1997, the corporation sold its amplifier manufacturing business located in Great Britain.

The Scientific Services segment which consisted of Kaman Sciences Corporation, an information technology and services operation, was sold on December 30, 1997. The Scientific Services segment operating profit for 1996 includes a gain of approximately $4,000 on the sale of real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

Summarized financial information by business segment is as follows:

	1998	1997	1996
Net sales:			
Aerospace	$ 382,697	$ 288,407	$ 224,984
Scientific Services	--	145,086	125,098
Industrial Distribution	503,532	478,879	447,977
Music Distribution	118,312	130,993	150,047
	$ 1,004,541	$ 1,043,365	$ 948,106
Operating profit:			
Aerospace	$ 43,304	$ 31,312	$ 26,256
Scientific Services	--	13,629	13,570
Industrial Distribution	18,550	20,017	18,526
Music Distribution	5,315	(1,279)	4,029
	67,169	63,679	62,381
Net gain on sale of businesses	--	80,351	--
Interest, corporate and other expense, net	(16,811)	(23,726)	(21,704)
Earnings before income taxes	$ 50,358	$ 120,304	$ 40,677
Identifiable assets:			
Aerospace	$ 294,566	$ 265,746	$ 235,314
Scientific Services	--	--	52,187
Industrial Distribution	160,873	156,816	147,071
Music Distribution	54,577	55,207	74,414
Corporate	77,214	120,392	12,750
	$ 587,230	$ 598,161	$ 521,736
Capital expenditures:			
Aerospace	$ 11,369	$ 6,444	$ 2,755
Scientific Services	--	1,247	963
Industrial Distribution	3,568	3,682	2,234
Music Distribution	1,770	1,943	1,562
Corporate	2,477	374	452
	$ 19,184	$ 13,690	$ 7,966
Depreciation and amortization:			
Aerospace	$ 5,586	$ 5,188	$ 5,549
Scientific Services	--	2,266	2,404
Industrial Distribution	3,077	2,676	2,161
Music Distribution	1,317	1,271	1,394
Corporate	1,088	822	850
	$ 11,068	$ 12,223	$ 12,358

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1998, 1997 and 1996 (In thousands except share and per share amounts)

	1998	1997	1996
Geographic information - sales:			
United States	$ 780,961	$ 926,495	$ 867,345
Australia/New Zealand	158,068	41,809	764
Canada	35,438	32,873	28,948
Europe	11,980	21,121	22,282
Japan	9,527	10,944	18,555
Other	8,567	10,123	10,212
	$ 1,004,541	$ 1,043,365	$ 948,106

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

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

Net sales by the Aerospace and Scientific Services segments made under contracts with U.S. Government agencies (including sales to foreign governments through foreign military sales contracts with U.S. Government agencies) account for $92,539 in 1998, $262,405 in 1997 and $253,260 in 1996.

Sales made by the Aerospace segment under a contract with one customer were $119,222 in 1998.

REPORT OF INDEPENDENT AUDITORS

KPMG LLP
Certified Public Accountants
CityPlace II
Hartford, Connecticut 06103

THE BOARD OF DIRECTORS AND SHAREHOLDERS
KAMAN CORPORATION:

We have audited the accompanying consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three year period ended December 31, 1998. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaman Corporation and subsidiaries at December 31, 1998 and 1997 and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1998 in conformity with generally accepted accounting principles.

KPMG LLP

January 27, 1999

FIVE-YEAR SELECTED FINANCIAL DATA

(In thousands except per share amounts, shareholders and employees)

	1998	1997	1996	1995	1994
OPERATIONS:					
Revenues	$1,006,006	$1,044,815	$953,654	$899,476	$820,774
Cost of sales	741,719	787,971	708,505	666,761	611,762
Selling, general and administrative expense	212,724	208,763	193,747	190,604	173,853
Restructuring, impairment and other costs	--	--	--	--	44,000
Operating income (loss)	51,563	48,081	51,402	42,111	(8,841)
Net gain on sale of businesses	--	80,351	--	--	--
Interest expense (income), net	(353)	7,894	10,023	8,834	4,694
Other expense (income), net	1,558	234	702	546	646
Earnings (loss) before income taxes	50,358	120,304	40,677	32,731	(14,181)
Income taxes (benefit)	20,350	49,800	17,100	13,129	(1,000)
Net earnings (loss)	30,008	70,504	23,577	19,602	(13,181)
FINANCIAL POSITION:					
Current assets	$516,504	$535,304	$434,131	$404,864	$339,012
Current liabilities	228,975	259,525	195,638	206,273	192,882
Working capital	287,529	275,779	238,493	198,591	146,130
Property, plant and equipment, net	65,773	57,625	76,393	83,054	84,621
Total assets	587,230	598,161	521,736	500,069	442,949
Long-term debt	28,206	29,867	83,940	66,386	37,433
Shareholders' equity	309,494	290,010	228,130	214,283	203,754
PER SHARE AMOUNTS:					
Net earnings (loss) per common share - basic	$1.28	$ 3.53	$ 1.07	$ .87	$ (.93)
Net earnings (loss) per common share - diluted	1.23	2.86	1.00	.85	(.93)
Dividends declared - Series 2 preferred stock	--	13.00	13.00	13.00	13.00
Dividends declared - common stock	.44	.44	.44	.44	.44
Shareholders' equity - common stock	13.07	12.25	9.13	8.52	8.07
Market price range	20 3/8	20 3/8	13 3/8	13 3/8	11 1/8
	13	12	9 3/8	10	8 1/2
GENERAL STATISTICS:					
Shareholders	6,921	7,291	7,632	7,646	7,198
Employees	4,276	4,318	5,476	5,400	5,239

EXHIBIT 21

KAMAN CORPORATION

SUBSIDIARIES

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

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

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

KPMG LLP
Certified Public Accountants
CityPlace II
Hartford, Connecticut 06103

The Board of Directors and Shareholders
Kaman Corporation:

We consent to incorporation by reference in the Registration Statements (Nos. 33-51483 and 33-51485) on Form S-8 of Kaman Corporation of our reports dated January 27, 1999, relating to the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998, and the related schedule, which reports appear or are incorporated by reference in the December 31, 1998 annual report on Form 10-K of Kaman Corporation.

/s/ KPMG LLP

Hartford, Connecticut
March 16, 1999

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned does hereby appoint and constitute Charles H. Kaman and Robert M. Garneau and each of them as his or her agent and attorney-in-fact to execute in his or her name, place and stead (whether on behalf of the undersigned individually or as an officer or director of Kaman Corporation or otherwise) the Annual Report on Form 10-K of Kaman Corporation respecting its fiscal year ended December 31, 1998 and any and all amendments thereto and to file such Form 10-K and any such amendment thereto with the Securities and Exchange Commission. Each of the said attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 16th day of March, 1999.

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

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE COMPANY'S 1998 ANNUAL REPORT TO
SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY
REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000054381
KAMAN CORPORATION
1,000

YEAR
DEC-31-1998
JAN-01-1998
DEC-31-1998
65,130
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217,175
(4,047)
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(102,014)
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23,734
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30,008
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1.23