

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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
- --- SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
ENDED September 30, 2003.

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 as specified in its charter)

 (State or other jurisdiction
 of incorporation or organization)

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

1332 Blue Hills Avenue
 Bloomfield, Connecticut 06002

 (Address of principal executive offices)
 (860) 243-7100

 Registrant's telephone number, including area code

Indicate by check mark whether the registrant is an accelerated
 filer (as defined in Exchange Act Rule 12b-2)

Yes x No
 --- ---

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
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Indicate the number of shares outstanding of each of the issuer's
 classes of common stock as of October 31, 2003:

Class A Common 21,942,316
 Class B Common 667,814

Page 1 of 29 Pages

KAMAN CORPORATION AND SUBSIDIARIES
 PART I - FINANCIAL INFORMATION

Item 1. Financial Statements:

Condensed Consolidated Balance Sheets (In thousands)

Assets -----	September 30, 2003 -----	December 31, 2002 -----
Current assets:		
Cash and cash equivalents	\$ 8,005	\$ 5,571
Accounts receivable	211,350	195,857
Inventories:		
Contracts and other		
work in process	\$ 59,043	61,917
Finished goods	22,003	7,742
Merchandise for resale	84,120	95,056
	165,166	164,715
Income taxes receivable	6,050	5,192
Deferred income taxes	27,999	28,450
Other current assets	12,737	14,460
Total current assets	431,307	414,245
Property, plant & equip., at cost	154,810	161,918
Less accumulated depreciation and amortization	101,469	100,283
Net property, plant & equipment	53,341	61,635
Goodwill and other intangible assets	50,753	50,994
Other assets, net	7,158	8,666

Total assets	\$542,559	\$535,540
	=====	=====

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KAMAN CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

Condensed Consolidated Balance Sheets (In thousands) (continued)

Liabilities and Shareholders' Equity

September 30, 2003 December 31, 2002

Current liabilities:

Notes payable inc. current		
portion of long term debt	\$ 10,579	\$ 10,307
Accounts payable	49,074	46,664
Accrued contract loss	22,846	26,674
Accrued restructuring costs	6,702	7,594
Other accrued liabilities	26,391	23,583
Advances on contracts	20,646	22,318
Other current liabilities	17,988	19,954
Income taxes payable	3,040	
Total current liabilities	157,266	157,094
Long term debt, excl. current portion	53,774	60,132
Other long term liabilities	27,331	26,367
Shareholders' equity	304,188	291,947
Total liabilities and		
shareholders' equity	\$542,559	\$535,540
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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~~Item 1. Financial Statements, Continued:~~

~~Condensed Consolidated Statements of Operations~~

~~(In thousands except per share amounts)~~

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2003	2002	2003	2002
<hr/>				
Net sales	\$223,324	\$218,266	\$655,645	\$650,500
Costs and expenses:				
Cost of sales (1)	168,584	160,961	484,615	552,444
Selling, general and administrative expense	53,415	48,191	156,799	149,681
Restructuring costs (2)				8,290
Other operating (income)/expense, net	(493)	(501)	(1,107)	(1,008)
Interest expense, net	739	713	2,258	1,580
(Gain)/loss on sale of product lines and other assets, net	(1,317)	52	(18,143)	(1,852)
Other (income)/expense, net	443	303	1,035	1,143
	221,371	209,719	625,457	710,278
<hr/>				
Earnings (loss) before income taxes	1,953	8,547	30,188	(59,778)
Income taxes (benefit)	765	2,975	11,750	(20,325)
Net earnings (loss)	\$ 1,188	\$ 5,572	\$ 18,438	\$ (39,453)
<hr/>				
Net earnings (loss) per share:				
Basic	\$.05	\$.25	\$.82	\$ (1.76)
Diluted (3)	\$.05	\$.25	\$.81	\$ (1.76)
<hr/>				
Dividends declared per share	\$.11	\$.11	\$.33	\$.33
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~~(1) Cost of sales for the nine months ended September 30, 2002 includes the write-off of K-MAX assets of \$50,000 and Moosup facility assets of \$2,679 which are associated with the charge taken in the Aerospace segment.~~

~~(2) Restructuring costs for the nine months ended September 30, 2002 relate to the closure of the Moosup facility in 2003 and are associated with the charge taken in the Aerospace segment.~~

~~(3) The calculated diluted per share amounts for the three months ended September 30, 2003 and the nine months ended September 30, 2002 are anti-dilutive, therefore, amounts shown are equal to the basic per share calculation.~~

~~See accompanying notes to condensed consolidated financial statements.~~

~~KAMAN CORPORATION AND SUBSIDIARIES~~

~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 1. Financial Statements, Continued:~~

~~Condensed Consolidated Statements of Cash Flows (In thousands)~~

	For the Nine Months	
	Ended September 30,	
	2003	2002
<hr/>		
Cash flows from operating activities:		
Net earnings (loss)	\$ 18,438	\$ (39,453)
Depreciation and amortization	7,657	8,520
Gain on sale of product lines and other assets, net	(18,143)	(1,852)
Restructuring costs		8,290
Non-cash write-down of assets		52,679
Deferred income taxes	1,818	(22,250)
Other, net	1,618	2,430
Changes in current assets and liabilities, excluding effects of acquisitions/divestitures:		

Accounts receivable	(17,820)	(29,072)
Inventory	(3,469)	713
Income taxes receivable	(858)	(1,409)
Accounts payable trade	2,309	(8,380)
Accrued contract loss	(3,828)	18,495
Accrued restructuring costs	(892)	(520)
Advances on contracts	(893)	(3,277)
Income taxes payable	3,040	
Changes in other current assets and liabilities	6,056	(9,303)
<hr/>		
Cash provided by (used in) operating activities	(4,967)	(24,389)

~~Cash flows from investing activities:~~

Proceeds from sale of product lines		
and other assets	28,309	7,685
Expenditures for property, plant & equipment	(6,682)	(4,637)
Acquisition of business, less cash acquired	(465)	(35,302)
Other, net	(1,016)	(144)
<hr/>		
Cash provided by (used in) investing activities	20,146	(32,398)

~~See accompanying notes to condensed consolidated financial statements.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~

~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 1. Financial Statements, Continued:~~

~~Condensed Consolidated Statements of Cash Flows(In thousands)~~

	For the Nine Months	
	Ended September 30,	
	2003	2002

~~Cash flows from financing activities:~~

Changes to notes payable	293	7,283
Additions/(reductions) to long term debt	(6,358)	31,680
Proceeds from exercise of employee stock plans	956	1,150
Purchases of treasury stock	(205)	(5)
Dividends paid	(7,431)	(7,379)
Other		979
<hr/>		
Cash provided by (used in) financing activities	(12,745)	33,708
<hr/>		
Net increase (decrease) in cash and cash equivalents	2,434	(23,079)
Cash and cash equivalents at beginning of period	5,571	30,834
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Cash and cash equivalents at end of period	\$ 8,005	\$ 7,755
<hr/>		

~~See accompanying notes to condensed consolidated financial statements.~~

~~Notes to Condensed Consolidated Financial Statements~~
~~(In thousands)~~

~~Basis of Presentation~~

~~The December 31, 2002 condensed consolidated balance sheet amounts have been derived from the previously audited~~

~~consolidated balance sheet of Kaman Corporation and subsidiaries.~~

~~In the opinion of management, the balance of the condensed financial information reflects all adjustments which are necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented and are of a normal recurring nature, unless otherwise disclosed in this report.~~

~~The statements should be read in conjunction with the notes to the consolidated financial statements included in Kaman Corporation's 2002 Annual Report to Shareholders.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 1. Financial Statements, Continued:~~

~~Notes to Condensed Consolidated Financial Statements~~
~~(In thousands)~~

~~Net Gain on Sale of Product Lines~~

~~On January 15, 2003, the corporation sold its electric motor and drive business to DRS Technologies, Inc. The 2003 nine months results include a pre tax gain of \$17,415 as a result of this transaction. The 2003 third quarter results include pre tax gains of \$1,114 due to post closing adjustments associated with the sale of businesses in prior periods. The 2002 nine month results include a pre tax \$1,928 gain from the sale of the Company's microwave products line.~~

~~Cash Flow Items~~

~~Cash payments for interest were \$2,742 and \$2,137 for the nine months ended September 30, 2003 and 2002, respectively. Net cash payments for income taxes for the comparable periods were \$7,527 and \$2,714, respectively.~~

~~Comprehensive Income/(Loss)~~

~~Comprehensive income (loss) was \$18,250 and \$(39,606) for the nine months ended September 30, 2003 and 2002, respectively. Comprehensive income was \$302 and \$5,350 for the three months ended September 30, 2003 and 2002, respectively. The changes to net earnings (loss) used to determine comprehensive income (loss) are foreign currency translation adjustments.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 1. Financial Statements, Continued:~~

~~Notes to Condensed Consolidated Financial Statements~~

(In thousands)

Restructuring Costs

The following table displays the activity and balances of these pre tax charges as of September 30, 2003:

Deductions				
Balance at				Balance at
December 31,	Cash	Non Cash	September 30,	
2002	Payments	Charges	2003	
Restructuring costs				
Employee termination				
benefits	\$ 2,594	\$ 892	\$	\$ 1,702
Facility closings	5,000			5,000
Total restructuring costs	\$ 7,594	\$ 892	\$	\$ 6,702
	=====	=====	=====	=====

Accounts Receivable

Accounts receivable consist of the following:

		September 30,	December 31,
		2003	2002
Trade receivables, net of allowance			
for doubtful accounts of			
\$3,041 in 2003, \$2,853 in 2002		\$ 79,016	\$ 72,471
U.S. Government contracts:			
Billed		10,953	11,607
Recoverable costs and accrued profit			
not billed		13,404	21,225
Commercial and other government contracts:			
Billed		26,928	21,628
Recoverable costs and accrued profit			
not billed		81,049	68,926
Total		\$211,350	\$195,857
		=====	=====
0			

KAMAN CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION, Continued

Item 1. Financial Statements, Continued:

Notes to Condensed Consolidated Financial Statements (In thousands)

Shareholders' Equity

Changes in shareholders' equity were as follows:

Balance, January 1, 2003	\$291,947
Net earnings	18,438
Foreign currency translation adjustment	(188)
Comprehensive income	18,250
Dividends declared	(7,446)
Purchase of treasury stock	(205)

Employee stock plans	1,642
Balance, September 30, 2003	\$304,188
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KAMAN CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION, Continued

Item 1. Financial Statements, Continued:

Notes to Condensed Consolidated Financial Statements
(In thousands)

Business Segments

Summarized financial information by business segment is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
Net sales:				
Aerospace	\$ 62,785	\$ 65,226	\$187,421	\$201,253
Industrial Distribution	122,571	120,259	364,699	358,734
Music Distribution	37,968	32,781	103,525	90,513
	\$223,324	\$218,266	\$655,645	\$650,500
	=====	=====	=====	=====
Operating profit (loss):				
Aerospace	\$ 1,738	\$ 7,180	\$ 15,463	\$ (61,694)
Industrial Distribution	2,830	3,003	8,992	9,060
Music Distribution	2,772	2,289	6,010	4,351
	7,340	12,472	30,465	(48,283)
Interest, corporate and other expense, net	(6,704)	(3,873)	(18,420)	(13,347)
Gain (loss) on sale of product lines and other assets, net	1,317	(52)	18,143	1,852
Earnings (loss) before income taxes	\$ 1,953	\$ 8,547	\$ 30,188	\$ (59,778)
	=====	=====	=====	=====
	September 30, 2003	December 31, 2002		

Identifiable assets:		
Aerospace	\$311,109	\$308,275
Industrial Distribution	133,017	144,585
Music Distribution	73,477	68,448
Corporate	24,956	14,232
	\$542,559	\$535,540
	=====	=====

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 1. Financial Statements, Continued:~~

~~Notes to Condensed Consolidated Financial Statements~~
~~(In thousands except per share amounts)~~

~~Stock Option Accounting~~

~~The following table reflects pro forma net earnings (loss) and earnings (loss) per share had the corporation elected to record employee stock option expense based on the fair value methodology:~~

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2003	2002	2003	2002
Net earnings (loss):				
As reported	\$ 1,188	\$ 5,572	\$ 18,438	\$(39,453)
Less stock option expense	(313)	(344)	(945)	(1,044)
Tax effect	122	116	368	355
Pro forma net earnings (loss)	\$ 997	\$ 5,344	\$ 17,861	\$(40,142)
	=====	=====	=====	=====

~~Earnings (loss) per share basic:~~

As reported	.05	.25	.82	(1.76)
Pro forma after option expense	.04	.24	.79	(1.79)

~~Earnings (loss) per share diluted:~~

As reported	.05*	.25	.81	(1.76)*
Pro forma after option expense	.04*	.24	.79	(1.79)*

~~These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years. The pro forma amounts assume that the corporation had been following the fair value approach since the beginning.~~

~~* The calculated diluted per share amounts for the three months ended September 30, 2003 and the nine months ended September 30, 2002 are anti dilutive, therefore, amounts shown are equal to the basic per share calculation.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 1. Financial Statements, Continued:~~

Reclassification

~~Certain amounts from earlier quarters have been reclassified for comparability. There was no impact on net earnings in any period.~~

Subsequent Event

~~Early in the fourth quarter of 2003, the corporation completed its acquisition of the net assets and business of Industrial Supplies, Inc. (ISI), a privately held distributor of bearing, conveyor, electrical, fluid power and power transmission components. ISI is headquartered in Birmingham, Alabama and has annual sales of approximately \$28 million.~~

~~Item 2. Management's Discussion and Analysis of Financial~~

~~Condition and Results of Operations~~

Results of Operations

~~Consolidated net sales for the quarter ended September 30, 2003 were \$223.3 million compared to \$218.3 million for the same period of 2002. Consolidated net sales for the nine months ended September 30, 2003 were \$655.6 million compared to \$650.5 million in the previous year. Net sales in the nine month period of 2002 were reduced by \$6.5 million as a result of the Australia SH-2G helicopter program adjustment recorded in the second quarter of that year.~~

~~Aerospace segment net sales were \$62.8 million for the third quarter of 2003 compared to \$65.2 million in the comparable 2002 quarter (which included \$2.2 million from the Electromagnetics Development Center operation that was sold in January of 2003). Net sales for the first nine months of 2003 were \$187.4 million compared to \$201.3 million in the previous year (including \$11.9 million from two divested businesses). The second quarter 2002 adjustment mentioned above reduced net sales by \$6.5 million for the nine month period of 2002. During the quarter and first nine months of 2003, the Kaman Aerospace subsidiary was affected by several factors, including the absence of new helicopter orders, the fact that the MD Helicopters, Inc. (MDHI) subcontract program is in stop work mode, the transition of manufacturing from the Moosup, Connecticut facility to the Jacksonville, Florida facility, and the current weak market for commercial airliners, which has caused order stretch outs and a~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~

~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)~~

~~lower volume of deliveries than anticipated for certain Boeing programs. These conditions have resulted in lower sales, which in turn have resulted in overhead and general and administrative expenditures being absorbed at higher rates by active aerospace programs. This has led to generally lower profitability or losses for these programs.~~

~~In this environment, management continues to evaluate its overall cost structure. To date, management has elected to continue expenditures for longer term competitiveness in the commercial aircraft market and to maintain its prime helicopter program capabilities.~~

~~The Aerospace segment's programs include prime helicopter manufacturing along with spare parts and support, aerostructure and helicopter subcontract work as well as manufacture of components such as self-lubricating bearings and drive line couplings for aircraft applications, and advanced technology products.~~

~~The corporation's prime helicopter programs include the SH-2G~~

~~multi-mission maritime helicopter and the K MAX medium to heavy external lift helicopter. This business generated sales of \$21.3 million in the third quarter (about 34% of Aerospace segment sales), reflecting a decrease in SH 2G sales that was more than offset by the sale of two K MAX aircraft previously under lease with customers. Sales for the same period of 2002 were \$20.3 million (approximately 31% of the segment's sales). SH 2G helicopter programs constituted a majority of the segment's helicopter program sales for the quarter with only the Australia program currently still in process. The programs for New Zealand and Poland have essentially been completed.~~

~~Work continues on the SH 2G (A) program for Australia which involves eleven helicopters with support, including a support services facility, for the Royal Australian Navy (RAN). The total contract has an anticipated value of about \$716 million (US). The helicopter production portion of the program is valued at approximately \$595 million, of which about 95% has been recorded as sales through September 30, 2003. As previously reported, this contract is now in a loss position due to an increase in anticipated costs to complete the program, which was reflected in a \$25.0 million pre tax charge taken in the second quarter of 2002 and a \$31.2 million pre tax charge taken in the second quarter of 2001.~~

~~KAMAN CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)~~

~~Production of all the SH 2G(A) aircraft is essentially complete. As previously reported, all of the aircraft lack the full Integrated Tactical Avionics System (ITAS) software because of a contract dispute with the original software supplier. Replacement subcontractors are in the process of completing that element of the program and the corporation has responsibility for aircraft system integration (previously a subcontracted task). In the third quarter of 2003, the Australian government began the process of provisional acceptance for the aircraft. The RAN intends to use the aircraft for training purposes until the full ITAS is installed and the aircraft have been finally accepted. The corporation currently expects that the software will be fully completed, installed and operational on all of the Australia aircraft by the end of 2004. While management believes that its reserves are sufficient to cover estimated costs to complete the program, the task of software integration is yet to come and that task could present issues that are difficult to anticipate.~~

~~Except for post production support, the program for New Zealand, involving five aircraft with support to serve the Royal New Zealand Navy, has been successfully completed. The contract has a value of about \$190 million (US), of which about 99% has been recorded as sales through September 30, 2003.~~

~~In a smaller program, the corporation has completed work on the reactivation of four existing SH 2G aircraft previously in service with the U.S. Navy Reserves for the government of Poland. The corporation has also completed training for pilots, sensor operators and maintenance personnel. It is expected that the aircraft will operate aboard two Polish Navy FFG 7 class frigates that Poland also acquired from the U.S. Navy.~~

~~The corporation continues to pursue other opportunities for the SH 2G helicopter in the international defense market. This market is highly competitive and heavily influenced by economic and political conditions. However, management continues to believe that the aircraft is in a good competitive position to meet the specialized needs of navies around the world that operate smaller ships for which the SH 2G is ideally sized.~~

~~The corporation also maintains a consignment of the U.S. Navy's inventory of SH 2 spare parts under a multi year agreement that~~

~~provides the corporation the ability to utilize certain inventory for support of its SH 2G programs.~~

~~With respect to its K MAX helicopter, the corporation continues to pursue both a sale and short term lease program for existing K MAX aircraft inventory, which was written down to an estimated fair market last year. As previously reported, this approach follows a 2002 market evaluation of the K MAX helicopter program which had experienced several years of significant market~~

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~~KAMAN CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations (Continued)~~

~~difficulties. The corporation will produce additional aircraft only upon firm order by a customer. During the third quarter of 2003, two K MAXs were leased and two others were converted from leases to sales. These sales produced pre-tax profit of \$2.1 million.~~

~~The Aerospace segment also performs aerostructure and helicopter subcontract work for a variety of aerospace manufacturers and produces proprietary self-lubricating bearings. This business generated sales of \$25.7 million in the third quarter of 2003 (about 41% of Aerospace segment sales) compared to \$31.2 million for same period a year ago (about 48% of this segment's sales).~~

~~Aerostructures subcontract work involves commercial and military aircraft programs. Current programs include production of assemblies such as wing structures and other parts for virtually all Boeing commercial aircraft and the C-17 military transport. This element of the Aerospace segment continues to be an area of strategic emphasis for the corporation. The low current and projected build rates for commercial airliners affect this business directly and the market has become increasingly competitive and difficult on an industry wide basis. The move from Moosup to Jacksonville was specifically undertaken to provide a lower cost base from which to compete. The physical completion of that move has been accompanied by phase out costs in Moosup as well as learning curve and other ramp up costs in Jacksonville, which have resulted in lower profitability or losses in certain aerostructures programs. While management believes that these costs hit their peak in the third quarter of 2003, the opportunity to operate at lower cost in Jacksonville remains evident and is an expectation for the future. The Jacksonville facility is now ready to accept additional business, which may take time to develop in the present environment.~~

~~Helicopter subcontract work involves commercial and military programs. Current work includes multi-year contracts for production of fuselages and rotor systems for various MD Helicopters, Inc. aircraft. Total orders received from MDHI have run at significantly lower rates than originally anticipated due to lower than expected demand. The corporation's investment in these contracts consists of \$4.5 million in billed receivables as of October 1, and \$16.9 million in recoverable costs not billed (which includes start-up costs and other program expenditures). The corporation has received several partial payments in 2003, including a payment received on October 1, 2003. The recoverability of unbilled costs will depend to a significant extent upon MDHI's future requirements. The corporation has stopped production on these programs while working with MDHI to resolve overall payment issues and establish conditions under which production can be resumed.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations (Continued)~~

~~The segment's Kamatics operation manufactures proprietary self-lubricating bearings used in aircraft flight controls, turbine engines and landing gear and produces driveline~~

~~couplings for helicopters. This business had increased sales in the reporting period with military sales helping to offset continued softness in commercial and regional aircraft manufacturing. Kamatics' products are in wide use in commercial airliners operated by major and regional airlines, and Boeing is Kamatics' largest customer. The acquisition a year ago of RWG Frankenjura Industrie Flugwerklager GmbH (RWG), a small German specialty bearing manufacturer, is expected to strengthen Kaman's presence in European markets. Airbus Industrie is RWG's largest customer.~~

~~The Aerospace segment also produces advanced technology products. Sales for the third quarter of 2003 were \$15.8 million (approximately 25% of Aerospace segment sales) compared to \$13.7 million in the prior year period (about 21% of this segment's sales). These products involve systems, devices and assemblies for a variety of military and commercial applications, including safe, arm and fuzing devices for several missile and bomb programs; precision non contact measuring systems for industrial and scientific use; electro optic systems for mine detection and other applications; and high reliability memory systems for airborne, shipboard, and ground based programs.~~

~~The corporation's Kaman Dayron operation, which was acquired in July 2002, is a weapons fuze manufacturer for a variety of munitions programs and has the contract to develop a fuze for the U.S. Air Force and Navy Joint Programmable Fuze (JPF) program. Securing the JPF program was the principal motivation for making the Dayron acquisition, as the program is expected to generate substantial business for the corporation once final qualification has been achieved and production orders have been received. As a result of qualification test results received during the first quarter of 2003, the corporation is implementing certain changes to the fuze design and production process and is conducting internal testing. This additional qualification work has delayed production unit sales and has increased program costs. Management understands that successful completion of final qualification testing is critical and now expects to resume that testing by the end of 2003 and begin production in 2004.~~

~~The corporation has divested two non core portions of the Aerospace segment. Specifically, in the second quarter of 2002, the corporation sold its microwave products line. That product line was formerly associated with the Kaman Sciences Corp. subsidiary which was sold in 1997. Microwave product sales were about \$2.1 million in the first nine months of 2002. In January 2003, the corporation sold its Electromagnetics Development~~

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~~KAMAN CORPORATION AND SUBSIDIARIES
PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations (Continued)~~

~~Center (EDC), an electric motor and drive business that had sales of approximately \$9.8 million during the first nine months of 2002.~~

~~Industrial Distribution segment net sales for the third quarter of 2003 were \$122.6 million compared to \$120.3 million a year ago. Net sales for the nine month period of 2003 were \$364.7 million compared to \$358.7 million a year ago. This segment is the third largest U.S. industrial distributor servicing the bearings, electrical/mechanical power transmission, fluid power, motion control and materials handling market in the United States. This segment offers more than 1.5 million items, as well as value added services, through a network of nearly 200 branches and regional distribution centers in the U.S., Canada, and Mexico. The company currently covers 68 out of the top 100 industrial markets in the U.S., with a customer base of over 50,000 businesses in nearly every sector of heavy and light industry. As a result, this segment is directly affected by national macroeconomic variables such as the percentage of plant capacity utilization within the U.S. industrial base, and the business tends to track the U.S. Industrial Production Index with a short lag. Conditions for manufacturers have remained soft since the second half of 2000, with capacity utilization remaining considerably below the 80 percent threshold considered at recession~~

level by the U.S. government. As manufacturing continues to move off shore and customers permanently close facilities, recovery in industrial production becomes even more difficult. Management believes that signs of meaningful national economic recovery have been inconsistent and inconclusive with the tone of the market at the beginning of the fourth quarter remaining weak.

Management believes that it has the appropriate platforms, including the technology, systems management and customer and supplier relationships to compete effectively in the evolving industrial distribution industry. The company's size and scale of operations allow it to attract highly skilled personnel and realize internal operating efficiencies, and also to take advantage of vendor incentives in the form of rebates, which tend to favor the larger distributors. Management believes that the company's resources and product knowledge enable it to offer a comprehensive product line and invest in sophisticated inventory management and control systems while its position in the industry enhances its ability to rebound during economic recoveries and grow through acquisitions.

Success in this market requires a combination of competitive pricing and value added services that save the customer money while helping it become more efficient and productive. Over the past several years, large companies have increasingly centralized their purchasing through suppliers that can service all of their plant locations across a wide geographic area. As

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KAMAN CORPORATION AND SUBSIDIARIES

PART I FINANCIAL INFORMATION, Continued

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

this trend continues, the corporation has expanded its presence in geographic markets considered key to winning these customers through acquisitions in the upper midwest and Mexico, and the selective opening of new branches. Furthering this strategy, early in the fourth quarter of 2003, the company acquired the net assets and business of Industrial Supplies, Inc., (ISI) of Birmingham, AL, a distributor of a wide variety of bearing, conveyor, electrical, fluid power and power transmission components used by manufacturing, mining, steel, lumber, pulp and paper, food and other industries. ISI maintained a total of four Alabama facilities and one Florida facility. This acquisition expands the company's presence in the increasingly important southeast industrial market. Management's goal is to grow the Industrial Distribution segment by expanding into additional areas that enhance its ability to compete for large regional and national customer accounts.

As previously reported, this segment has experienced an increase in the number of "John Doe" type legal proceedings filed against it, generally relating to parts allegedly supplied to the U.S. Navy's shipyard in San Diego, California by a predecessor company over 25 years ago, that may have contained asbestos. While management believes that the segment has good defenses to these claims, which it intends to assert, certain claims have been settled for immaterial amounts, with contribution from insurance carriers. Approximately sixty one claims are currently outstanding, involving the company among many other defendants. Management does not currently expect that this situation will have a material adverse effect on the corporation.

Music Distribution segment net sales for the third quarter of 2003 were \$37.9 million, including \$4.3 million from Latin Percussion, Inc. (LP) which was acquired in October 2002, compared to \$32.8 million for the same period last year. For the first nine months of 2003, net sales were \$103.5 million, including \$13.2 million contributed by LP, compared to \$90.5 million in the same period of 2002. This segment had good results for the third quarter of 2003, although the base business did not grow since consumers have generally taken a cautious approach to the economy. The strength of the Christmas season is expected to be an important factor in segment results for the year.

This segment is America's largest independent distributor of music instruments and accessories, offering more than 15,000 products from five facilities in the U.S. and Canada to retailers

~~of all sizes for musicians of all capabilities. This segment's business is directly affected by consumer confidence levels and results in the base business to date in 2003 reflect a somewhat weak consumer environment, although this has been more than offset by LP's performance. LP is considered the world leader in hand percussion instruments. The segment's array of other~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)~~

~~instruments includes premier and proprietary products, such as the company's Ovation (registered trademark) and Hamer (registered trademark) guitars, and Takamine (registered trademark) guitars under its exclusive North American distribution agreement. The segment has significantly extended its line of percussion products and accessories over the past two years, augmenting its CB, Toca (registered trademark) and Gibraltar (registered trademark) lines with the addition of an exclusive distribution agreement with Gretsch (registered trademark) drums in 2001, the acquisition of LP in 2002, and in the third quarter of 2003 the acquisition of Genz-Benz Enclosures, Inc., a small manufacturer of amplification and sound reinforcement equipment. Genz-Benz had been working closely with the company for several years through an exclusive distribution agreement, so the acquisition brings this segment control of the product sources rather than immediate incremental sales.~~

~~The corporation's segments, in total, had net operating profits of \$7.3 million for the third quarter of 2003 compared to \$12.5 million for the comparable period of 2002. For the nine months ended September 30, 2003, the corporation's segments, in total, had net operating profits of \$30.5 million compared to a net loss of \$40.3 million for the 2002 period. The 2002 nine month period includes pre tax charges of \$86.0 million taken in the second quarter of that year to cover the write down of K MAX helicopter assets, principally inventories, for cost growth associated with the Australian SH-2G(A) helicopter program, and to phase out operations at the corporation's Moosup plant.~~

~~For the third quarter of 2003, the Aerospace segment had operating profits of \$1.7 million (including the effect of \$946 thousand in ongoing relocation and re certification costs related to the Moosup plant closure) compared to \$7.2 million last year. In the first nine months of 2003, this segment had operating profits of \$15.5 million (including the effect of \$2.1 million in ongoing relocation and re certification costs related to the Moosup plant closure) compared to an operating loss of \$61.7 million a year earlier as a result of the pre tax charges. Aerospace segment results for the quarter and nine month period ended September 30, 2003 were affected by the same factors described in the previous discussion of net sales for those periods. Closure of the corporation's Moosup plant is scheduled to occur by the end of 2003. In connection with that plant closure, the corporation recorded a charge of about \$3.3 million in the second quarter of 2002 relating to severance costs at the Moosup and Bloomfield, Connecticut locations which is expected to involve the separation from service of approximately 400 employees (of which \$1.6 million had been paid for 365 such separations as of September 30, 2003).~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)~~

~~Operating profits in the Industrial Distribution segment were \$2.8 million in the third quarter of 2003 compared to \$3.0 million in the prior year period. This segment's operating profits for the first nine months of 2003 were \$9.0 million compared to \$9.1 million in the same period last year. These results reflect the softness in industrial production that has~~

~~existed since the second half of 2000 and increasingly intense price competition which has resulted from manufacturing plant closures and the movement of many other manufacturers off shore. Vendor incentives in the form of rebates (i.e., vendors provide inventory purchase rebates to distributors at specified volume purchasing levels) continue to be an important contributor to this segment's operating profits.~~

~~The Music Distribution segment's operating profits for the third quarter of 2003 were \$2.8 million compared to \$2.3 million the previous year while operating profits for the nine month period were \$6.0 million compared to \$4.4 million for the 2002 period. The 2003 results are primarily due to the addition of LP. Management is closely monitoring the upcoming Christmas season as the strength of consumer spending at that time will be an important factor in segment results for the year.~~

~~Net earnings for the third quarter of 2003 were \$1.2 million, or \$0.05 per share diluted, including an after tax gain of about \$700 thousand, or approximately \$0.03 per share diluted, as the result of post closing adjustments associated with the sale of businesses in prior periods, compared to \$5.6 million, or \$0.25 per share diluted in the same quarter of 2002. For the nine months ended September 30, 2003, net earnings were \$18.4 million, or \$0.81 per share diluted, including a \$10.6 million after tax gain, or \$0.48 per share (\$17.4 million on a pre tax basis) on the sale of EDC, compared to a net loss of \$39.5 million, or \$1.76 net loss per share diluted in the comparable period of 2002. The 2002 nine month period results also include a pre tax gain of \$1.9 million from the sale of the corporation's microwave products line during that period.~~

~~For the nine months ended September 30, 2003, net interest expense increased by 42.9% to \$2.3 million compared to the same period of 2002.~~

~~The consolidated effective income tax rate for the nine month period ended September 30, 2003 was 38.9% compared to a tax recovery rate of 34.0% for the same period last year.~~

~~CRITICAL ACCOUNTING POLICIES~~

~~The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States~~
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~~KAMAN CORPORATION AND SUBSIDIARIES~~ ~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial~~ ~~Condition and Results of Operations (Continued)~~

~~of America 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. Significant accounting policies are disclosed in the Notes to Consolidated Financial Statements in the corporation's Annual Report on Form 10-K for the year ended December 31, 2002. The most significant current areas involving management judgments and estimates are described below. Actual results could differ from those estimates.~~

~~LONG TERM CONTRACTS REVENUE RECOGNITION~~

~~Sales and estimated profits under long term contracts are principally recognized on the percentage of completion method of accounting, generally using either a ratio that costs incurred bear to estimated total costs, after giving effect to estimates of costs to complete based upon most recent information for each contract, or units of delivery as the measurement basis for effort accomplished. Reviews of contracts are made regularly 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.~~

~~ACCOUNTS RECEIVABLE~~

~~Trade accounts receivable consist of amounts billed and currently due from customers. The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the trade accounts receivable balance. Management determines the allowance for doubtful accounts based on known troubled accounts, historical experience, and other currently available evidence. Billed amounts for U.S. Government, commercial, and other government contracts consist of amounts billed and currently due from customers. Recoverable costs and accrued profit not billed for U.S. Government, commercial, and other government contracts primarily relate to costs incurred on contracts which are expected to become billable upon future deliveries, achievement of specific contract milestones or completion of engineering and service type contracts.~~

~~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~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~

~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)~~

~~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.~~

~~GOODWILL AND OTHER INTANGIBLE ASSETS ACCOUNTING~~

~~Goodwill and certain other intangible assets are evaluated at least annually for impairment. The corporation utilizes discounted cash flow models to determine fair value used in the goodwill and other intangible asset impairment evaluations. Management's estimates of fair value are based upon factors such as projected sales and cash flows and other elements requiring significant judgments. The corporation utilizes the best available information to prepare its estimates and perform impairment evaluations; however, actual results could differ significantly, resulting in the future impairment of recorded goodwill and other intangible asset balances.~~

~~VENDOR INCENTIVES~~

~~The corporation enters into agreements with certain vendors providing for inventory purchase rebates that are generally earned upon achieving specified volume purchasing levels. The corporation recognizes these rebates as a reduction in cost of goods sold as rebates are earned. While management believes that the corporation will continue to receive rebates from vendors, there can be no assurance that vendors will continue to provide comparable amounts in the future.~~

~~LIQUIDITY AND CAPITAL RESOURCES~~

~~For the nine month period of 2003, operating activities used a net \$5.0 million of cash, principally due to increased accounts receivable and inventories in the Aerospace segment. In the Aerospace segment, accounts receivable increased primarily due to the Australia SH-2G program and inventories increased primarily due to K MAX helicopter program and aerostructures subcontracting activities. This was offset in part by a decrease in inventories in the Industrial Distribution segment.~~

~~During the first nine months of 2003, the largest element of cash provided from investing activities consisted of the proceeds from the sale of the EDC operation. Cash used in financing activities for the nine month period of 2003 consisted of reductions in~~

~~long-term debt and payments of dividends to shareholders.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial~~
~~Condition and Results of Operations (Continued)~~

~~At September 30, 2003, the corporation had \$21.6 million of its 6% convertible subordinated debentures outstanding. The debentures are convertible into shares of Class A common stock at any time on or before March 15, 2012 at a conversion price of \$23.36 per share, generally at the option of the holder. Pursuant to a sinking fund requirement that began March 15, 1997, the corporation redeems approximately \$1.7 million of the outstanding principal of the debentures each year.~~

~~In November 2000, the corporation's board of directors approved a replenishment of the corporation's stock repurchase program, providing for repurchase of an aggregate of 1.4 million Class A common shares for use in administration of the corporation's stock plans and for general corporate purposes. As of September 30, 2003, a total of about 269,000 shares had been repurchased under this replenishment program.~~

~~Total average bank borrowings were \$43.7 million for the nine month period of 2003 compared to \$12.9 million in the same period of 2002.~~

~~The corporation maintains a revolving credit agreement involving a group of financial institutions. The agreement currently provides a maximum unsecured line of credit of \$225 million which consists of a \$150 million commitment for five years (expiring in November 2005) and a \$75 million commitment under a "364 day" arrangement which is scheduled for renewal in November 2003. In order to take advantage of the current interest rate environment, management is considering the potential for a fixed rate financing to replace the "364 day" facility and as a result, will not renew the "364 day" facility.~~

~~The most restrictive of the covenants contained in the current revolving credit agreement requires the corporation to have EBITDA, as defined, at least equal to 300% of net interest expense, on the basis of a rolling four quarters and a ratio of consolidated total indebtedness to total capitalization of not more than 55%. In the third quarter of 2003, the revolving credit agreement was amended to permit potential lenders under a fixed rate financing of up to \$75 million to obtain the same covenant and guarantee protections that the revolving credit agreement lenders possess.~~

~~In connection with the acquisition of RWG, in July 2002 the corporation established a 9.5 million Euro term loan and revolving credit facility with Wachovia Bank, National Association, one of its revolving credit agreement lenders having offices in London. In general, the agreement contains the same financial covenants as the revolving credit agreement described previously and the term of this facility will expire at the same time as the revolving credit agreement. During the third quarter of 2003, this agreement was amended to conform with the previously described amendment to the~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART I FINANCIAL INFORMATION, Continued~~

~~Item 2. Management's Discussion and Analysis of Financial~~
~~Condition and Results of Operations (Continued)~~

~~revolving credit agreement. In the third quarter of 2003, the corporation entered into an arrangement with Wachovia Bank, National Association which permits the corporation to lock in a fixed rate of interest for the RWG financing.~~

~~Letters of credit are generally considered borrowings for purposes of the revolving credit agreement. A total of \$29.8 million in letters of credit were outstanding at September 30, 2003. During the second quarter of 2003, the letter of credit for the~~

helicopter production portion of the Australia SH-2G program was reduced to a balance of \$20 million, which will remain in place until final acceptance of the aircraft by the RAN.

Management believes that the corporation's annual 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 recurring 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, aerostructures and helicopter subcontract programs and components, advanced technology products, the industrial and music distribution businesses, operating cash flow, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. These uncertainties include, but are not limited to: 1) the successful conclusion of competitions and thereafter 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, particularly industrial production and commercial aviation, and global economic conditions; 5) satisfactory completion of the Australian SH-2G(A) program, including successful completion and integration of the full ITAS software; 6) recovery of the corporation's investment in the MD Helicopters, Inc. contracts; 7) actual costs for moving equipment and recertifying products and processes in connection with phase out of the Moosup, Connecticut facility; 8) JPF program final qualification test results and receipt of production orders; 9) achievement of enhanced business base in the Aerospace segment in order to better absorb overhead and general and administrative expenses; 10) successful sale or lease of existing K-MAX inventory; 11)

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KAMAN CORPORATION AND SUBSIDIARIES PART I FINANCIAL INFORMATION, Continued

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

the condition of consumer markets for musical instruments, including the strength of the Christmas season; 12) profitable integration of acquired businesses into the corporation's operations; 13) changes in supplier sales or vendor incentive policies; 14) the effect of price increases or decreases; and 15) currency exchange rates, taxes, changes in laws and regulations, inflation rates, general business conditions and other factors. Any forward looking information should be considered with these factors in mind.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in the corporation's exposure to market risk during the nine month period ended September 30, 2003. Please see the corporation's annual report on Form 10-K for the year ended December 31, 2002 for discussion of the corporation's exposure to market risk.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. The corporation's management, with the participation of the corporation's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the corporation's disclosure controls and procedures (as such term is defined in Rules 13a-15(c) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the corporation's Chief Executive Officer and Chief Financial Officer have concluded that,

~~as of the end of such period, the corporation's disclosure controls and procedures were effective.~~

~~We note, however, that even the most well designed and executed control systems are subject to inherent limitations and as a result, the control system can provide reasonable but not absolute assurance that its objectives will be met under all potential future conditions. The corporation's Chief Executive Officer and Chief Financial Officer have concluded that the corporation's disclosure controls and procedures are effective at a reasonable assurance level.~~

~~(b) Internal Control Over Financial Reporting. There have not been any changes in the corporation's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the corporation's internal control over financial reporting.~~

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~~KAMAN CORPORATION AND SUBSIDIARIES~~

~~PART II OTHER INFORMATION~~

~~Item 1. Legal Proceedings~~

~~The corporation has previously reported on the matter of Arthur Roque, Jr. (Commissioner of the Department of Environmental Protection of the State of Connecticut) v. Kaman Aerospace Corporation, Kamatics Corporation and the Ovation Division of Kaman Music Corporation in its reports on Form 10-K for the a) fiscal year ended December 31, 2000, Document No. 0000054381-01-500005 filed with the Securities and Exchange Commission on March 15, 2001, and b) fiscal year ended December 31, 2002, Document No. 0000054381-03-000079, filed with the Securities and Exchange Commission on March 26, 2003. This matter involved allegations of certain regulatory violations at facilities located in Connecticut related to routine inspections which took place between 1988 and 1998. Management believes that in all cases where corrective action was required at the time of such inspections, such action was promptly taken at that time. The parties have now reached a settlement in the matter and a Stipulation for Judgment was entered by the Superior Court on October 8, 2003. The settlement includes a civil penalty of \$420,000, payable in installments through January 2005, a permanent injunction applicable to the affected facilities for a period of ten years, and annual environmental compliance audits for a period of three years. Management believes that resolution of this matter is not material to the business or financial condition of the corporation.~~

~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART II OTHER INFORMATION, Continued~~

~~Item 6. Exhibits and Reports on Form 8-K.~~

~~(a) Exhibits to Form 10-Q:~~

~~4.1 Amendment No. 2 to Revolving Credit Agreement
between the corporation and The Bank of Nova
Scotia and Fleet National Bank as Co-
Administrative Agents and Bank One, N.A. as the
Documentation Agent and The Bank of Nova Scotia
and Fleet Securities, Inc. as the Co Lead
Arrangers and Various Financial Institutions
dated as of September 12, 2003.~~

~~4.2 Amendment to Credit Agreement between the
corporation, RWG Frankenjura Industrie
Flugwerklager GmbH, and Wachovia Bank, N.A.,
dated September 12, 2003.~~

~~4.3 International Swap Dealers Association, Inc.
Master Agreement dated as of October 25, 2002
between Wachovia Bank, National Association and
the corporation.~~

~~11 Earnings (Loss) Per Share Computation~~

~~31.1 Certification of Chief Executive Officer
Pursuant to Rule 13a-14 under the
Securities and Exchange Act of 1934~~

~~31.2 Certification of Chief Financial Officer
Pursuant to Rule 13a-14 under the
Securities and Exchange Act of 1934~~

~~32.1 Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the
Sarbanes Oxley Act of 2002~~

~~32.2 Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the
Sarbanes Oxley Act of 2002~~

~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~PART II OTHER INFORMATION, Continued~~

~~Item 6. Exhibits and Reports on Form 8-K (Continued)~~

~~(b) Reports on Form 8-K:~~

~~(1) A report on Form 8-K was filed on July 22, 2003,
reporting that the Company's financial results
for the second quarter and six months ended
June 30, 2003.~~

~~(2) A report on Form 8-K was filed on September 9,
2003 announcing that the Company has signed an
agreement to acquire Industrial Supplies, Inc.,~~

~~an Alabama corporation located in Birmingham,
Alabama.~~

~~(3) A report on Form 8-K was filed on October 31, 2003
reporting the company's financial results for the
third quarter and nine months ended September 30,
2003.~~

SIGNATURES

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

~~KAMAN CORPORATION
Registrant~~

~~Date: November 5, 2003 By: /s/ Paul R. Kuhn~~

~~Paul R. Kuhn
Chairman, President and
Chief Executive Officer
(Duly Authorized Officer)~~

~~Date: November 5, 2003 By: /s/ Robert M. Garneau~~

~~Robert M. Garneau
Executive Vice President and
Chief Financial Officer~~

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~~KAMAN CORPORATION AND SUBSIDIARIES Index to Exhibits~~

~~Exhibit 4.1 Amendment No. 2 to Revolving Credit Agreement
between the corporation and The Bank of Nova
Scotia and Fleet National Bank as Co-
Administrative Agents and Bank One, N.A. as the
Documentation Agent and The Bank of Nova Scotia
and Fleet Securities, Inc. as the Co Lead
Arrangers and Various Financial Institutions dated
as of September 12, 2003. The Revolving Credit
Agreement dated as of November 13, 2000 was filed
as Exhibit 4 to Form 10-Q filed with the
Securities and Exchange Commission on November 14,
2000, Document No. 0000054381-00-500006, as
amended by Document No. 0000054381-02-000022 filed
as Exhibit 10 to Form 10-Q filed with the
Securities and Exchange Commission on August 14,
2002.~~

~~Exhibit 4.2 Amendment to Credit Agreement between the
corporation, RWG Frankenjura Industrie
Flugwerklager GmbH, and Wachovia Bank, N.A., dated
September 12, 2003. The Credit Agreement dated
July 29, 2002 was filed as Exhibit 4c to Form 10-K
filed with the Securities and Exchange Commission
on March 26, 2003, Document No. 0000054381-03-
000079. Schedules and Exhibits to the Credit
Agreement, which are listed in its Table of
Contents, are omitted but will be provided to the
Commission upon request.~~

~~Exhibit 4.3 International Swap Dealers Association, Inc. Master
Agreement dated as of October 25, 2002 between
Wachovia Bank, National Association and the
corporation.~~

~~Exhibit 11 Earnings (Loss) Per Share Computation Attached~~

~~Exhibit 31.1 Certification of Chief Executive Officer~~
~~Pursuant to Rule 13a-14 under the~~
~~Securities and Exchange Act of 1934 Attached~~

~~Exhibit 31.2 Certification of Chief Financial Officer~~
~~Pursuant to Rule 13a-14 under the~~
~~Securities and Exchange Act of 1934 Attached~~

~~Exhibit 32.1 Certification of Chief Executive Officer~~
~~Pursuant to 18 U.S.C. Section 1350,~~
~~as adopted pursuant to Section 906 of~~
~~the Sarbanes Oxley Act of 2002 Attached~~

~~Exhibit 32.2 Certification of Chief Financial Officer~~
~~Pursuant to 18 U.S.C. Section 1350,~~
~~as adopted pursuant to Section 906 of~~
~~the Sarbanes Oxley Act of 2002 Attached~~

Exhibit 4.1

~~AMENDMENT NO. 2 TO
REVOLVING CREDIT AGREEMENT~~

~~This AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT (this "Amendment") is made and dated as of September 12, 2003, by and among (a) Kaman Corporation (the "Company"), (b) the Banks, and (c) The Bank of Nova Scotia ("Scotiabank") and Fleet National Bank ("Fleet") as the Co Administrative Agents for the Banks. Unless otherwise defined herein, all capitalized terms used herein and defined in the Credit Agreement are used herein as therein defined.~~

~~WHEREAS, the Company, the Banks and the Co Administrative Agents and certain other parties have entered into that Revolving Credit Agreement, dated as of November 13, 2000 (as amended by Amendment No. 1 to Revolving Credit Agreement, dated as of June 28, 2002, and as further amended, supplemented, restated or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Banks have made, and have committed to make, loans and other credit extensions to the Company on the terms set forth therein; and~~

~~WHEREAS, the Company has requested that the Banks amend the~~

~~Credit Agreement and the Banks, on the terms and subject to the conditions set forth below, have agreed to amend the Credit Agreement;~~

~~NOW, THEREFORE, in consideration of the foregoing premises, the Company, the Banks and the Co-Administrative Agents agree as follows:~~

~~Section 1. Amendments to the Credit Agreement.~~

~~(a) Section 5.3(c) of the Credit Agreement is hereby amended by adding the following new clause (iii) to the end thereof:~~

~~"(iii) each Subsidiary may guarantee the Indebtedness and obligations of the Company under the Note Purchase Agreement and the New Notes; provided that any Subsidiary which guarantees the Company's Indebtedness and obligations under the Note Purchase Agreement and New Notes shall also have signed a Subsidiary Guarantee."~~

~~(b) Section 5.6 of the Credit Agreement is hereby amended as follows:~~

~~Page 1~~

~~(i) The definition of "Reduction Amount" set forth in Section 5.6 is hereby amended and restated in its entirety to read as follows:~~

~~"Reduction Amount" shall mean, with respect to each sale of assets pursuant to Section 5.6(b), (a) the book value of such assets sold (including assets sold in transactions in which the Company leases back such assets) or any portion thereof, in respect of which the Aggregate Percentage determined in connection with such sale exceeds the Designated Percentage multiplied by (b) the Sharing Percentage."~~

~~(ii) The following new definition is hereby inserted in Section 5.6 in the appropriate alphabetical location:~~

~~"Sharing Percentage" shall mean, with respect to the Banks at any time of determination, the percentage equal to (a) the Total Commitment divided by (b) the sum of (i) the Total Commitment at such time and (ii) the outstanding principal amount of the New Notes at such time."~~

~~(c) Section 5.8(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:~~

~~"(c) any Subsidiary Guarantee contemplated hereunder (except to the extent set forth in any intercreditor agreement entered into between the Banks and the holders of the New Notes on or after the Second Amendment Effective Date)."~~

~~(d) Article V of the Credit Agreement is hereby amended by adding a new Section 5.10 as follows:~~

~~"Section 5.10 Provisions Regarding New Notes. With respect to the New Notes, permit the terms of the New Notes and the Note Purchase Agreement to (a) contain any financial covenants other than those contained in Article VI of this Agreement or (b) permit any such financial covenants to be more restrictive than their respective counterparts contained in Article VI of this Agreement, unless prior to or concurrently with the execution of the Note Purchase Agreement or any amendment, modification or supplement thereto which would result in a breach of the provisions of this Section 5.10, the Company has offered to amend this Agreement in order to incorporate herein such additional and/or more restrictive financial covenant."~~

~~(e) Section 9.2 of the Credit Agreement is hereby amended by adding the following new definitions in the appropriate alphabetical location:~~

~~"Amendment No. 2" shall mean Amendment No. 2 to Revolving Credit Agreement, dated as of September 12, 2003, among the Company, the Banks, and Fleet and Scotiabank as the Co-Administrative Agents for the Banks.~~

~~"Note Purchase Agreement" shall mean the note purchase agreement pursuant to which the New Notes are issued.~~

~~"New Notes" shall mean the unsecured notes issued on or prior to June 30, 2004 by the Company in an aggregate principal amount not to exceed \$75,000,000, which notes (a) are guaranteed by one or more of the Subsidiaries of the Company, (b) are pari passu in right of payment to the Obligations and (c) have a maturity date no earlier than September 30, 2007.~~

~~"Second Amendment Effective Date" shall mean the "Effective Date" as defined in Amendment No. 2, which shall be on September 12, 2003."~~

~~Section 2. Termination of Revolver B Commitment, Etc. Each of the Company, the Banks and the Co Administrative Agents hereby agree that, immediately upon the Company's issuance of the New Notes, the entire amount of the Revolver B Commitment shall automatically and permanently terminate and the Company shall:~~

~~(a) pay in full the aggregate amount of all outstanding Revolver B Loans and Bid Auction B Advances;~~

~~(b) pay in full the aggregate amount of all outstanding Reimbursement Obligations in respect of Letters of Credit B; and~~

~~(c) deliver to the Administrator cash collateral (to be held in a cash collateral account pursuant to a cash collateral agreement satisfactory to the Administrator) in an amount equal to the then existing Stated Amount of all outstanding Letters of Credit B or (ii) deliver to the Issuer each outstanding Letter of Credit B, marked "terminated" by the beneficiary~~

~~in each case together with all accrued interest thereon to the date of such payment (including any amounts owing to the Banks with a Revolver B Commitment under Section 1.17 arising as a result of the prepayment of any such Loans on a date other than the last Business Day of the Interest Period(s) applicable to such Loans) and all Fees and other amounts then due the Banks with a Revolver B Commitment under the Credit Agreement and each other Credit Document.~~

~~Section 3. Intercreditor Agreement. Each of the Banks and the Co Administrative Agents hereby covenant and agree that, to the extent requested by the holders of the New Notes, the Banks and the Co Administrative Agent shall enter into an intercreditor agreement with such holders to define certain rights and~~

~~obligations with respect to each other relating to the sharing of payments made by any Subsidiary of the Company pursuant to the Subsidiary Guarantees and/or the guarantees executed by the Subsidiaries of the Company in favor of the holders of the New Notes; provided such intercreditor agreement is substantially on the terms set forth in Exhibit A hereto and otherwise in form and substance reasonably acceptable to the Co-Administrative Agents and the Company.~~

~~Section 4. Representation and Warranties. The Company represents and warrants to each of the Banks and the Co-Administrative Agents as follows:~~

~~(a) The representations and warranties of the Company contained in the Credit Agreement (i) were true and correct in all material respects when made and (ii) shall be true and correct in all material respects on and as of the Effective Date.~~

~~(b) The execution and delivery by the Company of this Amendment and the performance by the Company of its agreements and~~

~~obligations under this Amendment are within its corporate authority, have been duly authorized by all necessary corporate action. Such execution, delivery, and performance by the Company, do not and will not (a) contravene any provision of the Company's Governing Documents, (b) conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under or result in the creation of any Lien upon any of the property of the Company, under any agreement, trust, deed, indenture, mortgage or other instrument to which the Company is a party or by which the Company or any of its properties are bound or affected, or (c) require any waiver, consent or approval by any creditors, shareholders, or public authority.~~

~~(c) This Amendment and the Credit Agreement, as amended hereby, constitutes the legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms, except as enforcement may be limited by principles of equity, bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally.~~

~~(d) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.~~

~~Section 5. Condition to Effectiveness. This Amendment shall become effective as of the date hereof (the "Effective Date") subject to satisfaction of the following conditions precedent:~~

~~(a) Amendment Agreement. This Amendment shall have been duly authorized, executed and delivered to the Administrator by the Company and each of the Banks.~~

~~Page 4~~

~~(b) Guarantor Consent. Each of the Obligors (other than the Company) shall have duly authorized, executed and delivered to the Administrator its consent to this Amendment, in form and substance satisfactory to the Administrator.~~

~~(c) Officer's Certificate. The Administrator shall have received from the Company a certificate, dated the Effective Date, of its Secretary as to:~~

~~(i) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of the Amendment;~~

~~(ii) the incumbency and signatures of the officers of the Company authorized to act with respect to the Amendment; and~~

~~(iii) any amendments to the Governing Documents of the Company since such Governing Documents were last certified to the Co Administrative Agents.~~

~~Such certificate shall be in form and substance satisfactory to the Administrator.~~

~~Section 6. Expenses. The Company shall pay all reasonable out of pocket expenses incurred by the Co Administrative Agents in connection with the preparation, negotiation, execution, delivery and enforcement of this Amendment, including, but not limited to, the reasonable fees and expenses of Bingham McCutchen LLP.~~

~~Section 7. Miscellaneous. From and after the date hereof, this Amendment shall be deemed a Credit Document for all purposes of the Credit Agreement and the other Credit Documents and each reference to Credit Documents in the Credit Agreement and the other Credit Documents shall be deemed to include this Amendment. Any breach by any Obligor of the covenants and obligations of such Obligor contained herein shall be an immediate Event of Default. Except as expressly provided herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Co Administrative Agents or the Banks under the Credit Agreement or the other Credit Documents, nor alter, modify, amend or in any way affect any of the obligations or covenants contained in the Credit Agreement or any of the other Credit Documents, all of which are ratified and confirmed in all respects and shall continue in full force and~~

effect.

~~Section 8. Counterparts. This Amendment may be executed in any number of counterparts, but all of such counterparts shall together constitute but one and the same agreement. Delivery of an executed counterpart of a signature page by facsimile transmission shall be effective as delivery of a manually executed counterpart~~

~~Page 5~~

~~of this Amendment. In making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart.~~

~~Section 9. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CONNECTICUT (WITHOUT REFERENCE TO CONFLICT OF LAWS).~~

~~[Remainder of Page Intentionally Left Blank]~~

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~~IN WITNESS WHEREOF, the undersigned have duly executed this Amendment as a sealed instrument as of the date first set forth above.~~

~~KAMAN CORPORATION~~

~~By: /s/ Russell H. Jones
Name: Russell H. Jones
Title: Sr. V.P., CIO & Treasurer~~

~~THE BANK OF NOVA SCOTIA,~~

~~as a Co Administrative Agent~~

~~By: /s/ Todd S. Meller
Name: Todd S. Meller
Title: Managing Director~~

~~FLEET NATIONAL BANK,
as a Co Administrative Agent
and the Administrator~~

~~By: /s/ Kenneth S. Struglia
Name: Kenneth S. Struglia
Title: Director~~

~~Page 7~~

~~BANKS~~

~~THE BANK OF NOVA SCOTIA,
as a Bank and as an Issuer~~

~~By /s/ Todd S. Meller
Name: Todd S. Meller
Title: Managing Director~~

~~FLEET NATIONAL BANK~~

~~By /s/ Kenneth S. Struglia
Name: Kenneth S. Struglia
Title: Director~~

~~CITIZENS BANK OF
MASSACHUSETTS~~

~~By /s/ Stephanie Epkins
Name: Stephanie Epkins
Title: Vice President~~

~~WEBSTER BANK~~

~~By /s / Peter F. Samson
Name: Peter F. Samson
Title: Vice President~~

~~WACHOVIA BANK, NATIONAL
ASSOCIATION~~

~~By /s/ Jeanette A. Griffin
Name: Jeanette A. Griffin
Title: Director~~

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~~JPMORGAN CHASE BANK~~

~~By /s/ Thomas D. McCormick
Name: Thomas D. McCormick
Title: Vice President~~

~~MELLON BANK, N.A.~~

~~By /s/ Nancy E. Gale
Name: Nancy E. Gale
Title: Vice President~~

~~KEYBANK NATIONAL ASSOCIATION~~

~~By /s/ Suzannah Harris
Name: Suzannah Harris
Title: Assistant Vice President~~

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~~CONSENT OF GUARANTORS~~

~~Each of the undersigned hereby acknowledges and consents to
Amendment No. 2 to Revolving Credit Agreement, dated as of
September 12, 2003, and agrees that each of the Subsidiary
Guarantees, dated as of November 13, 2000, executed by such Person
in favor of each of the Bank Parties (as defined therein), and all~~

~~of the other Credit Documents to which such Person is a party remain in full force and effect, and such Person confirms and ratifies all of its obligations thereunder.~~

~~_____ KAMAN AEROSPACE GROUP, INC.~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ KAMAN INDUSTRIAL TECHNOLOGIES
_____ CORPORATION~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ KAMAN MUSIC CORPORATION~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ KAMAN AEROSPACE CORPORATION~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ Page 10~~

~~_____ KAMAN AEROSPACE INTERNATIONAL
_____ CORPORATION~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ KAMATICS CORPORATION~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ KAMAN X CORPORATION~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~_____ KMI EUROPE, INC.~~

~~_____ By: /s/ Robert M. Garneau
_____ Name: Robert M. Garneau
_____ Title: Vice President & Treasurer~~

~~K MAX CORPORATION~~

~~By: /s/ Robert M. Garneau~~
~~Name: Robert M. Garneau~~
~~Title: Vice President & Treasurer~~

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~~KAMAN PLASTICFAB GROUP, INC.~~

~~By: /s/ Robert M. Garneau~~
~~Name: Robert M. Garneau~~
~~Title: Vice President & Treasurer~~

~~PLASTIC FABRICATING COMPANY, INC.~~

~~By: /s/ Robert M. Garneau~~
~~Name: Robert M. Garneau~~
~~Title: Vice President & Treasurer~~

~~KAMAN DAYRON, INC.~~

~~By: /s/ Robert M. Garneau~~
~~Name: Robert M. Garneau~~
~~Title: Vice President & Treasurer~~

~~Page 12~~

~~Exhibit A~~

~~This is a summary of the intercreditor terms relating to the rights and obligations of the Banks and the holders of the New Notes (the "Noteholders", and together with the Banks, collectively, the "Lenders") with respect to each other such that, after a Notice of Election to Share (as defined below) has been sent and so long as such notice remains in effect, any payments by a Subsidiary of the Company received by any Lender on account of the Noteholder Obligations (as defined below) or the Bank Obligations (as defined below) shall be shared among all Lenders equally and ratably in accordance with their respective Sharing Percentages (as defined below).~~

~~Sharing Arrangements~~

~~(a) Upon and during the continuance of an "Event of Default" under the Note Purchase Agreement, the Noteholders may invoke the sharing provisions by sending to the Banks a Notice of Election to Share.~~

~~(b) Upon and during the continuance of an "Event of Default" under the Credit Agreement, the Banks may invoke the sharing provisions by sending to the Noteholders a Notice of Election to Share.~~

~~(c) Each Lender (a "Receiving Lender") agrees that on and after the delivery by such Lender of a Notice of Election to Share or its receipt of a Notice of Election to Share, and so long as such notice has not been terminated, any payment of any kind thereafter received by it on account of the Obligations (such payment, a "Shared Payment") from or on behalf of any Subsidiary of the Company under a Subsidiary Guarantee or a Noteholder Guaranty, as the case may be, is to be distributed to each Lender equally and ratably in accordance with the respective Sharing Percentage of such Lender in effect immediately prior to giving effect to the distribution of such Shared Payment. A Shared Payment shall include, without limitation, any payment resulting from a set-off of a deposit account, any offset or any payment or distribution made in the context of any insolvency or reorganization proceeding, but shall not include any payment resulting from any realization on collateral that does not consist of (x) securities or other property of a Subsidiary, or (y) deposits and other sums credited by or due from the Co-Administrative Agents or any Lender to such Subsidiary.~~

~~Any payments made by the Company in respect of the Bank Obligations or the Noteholder Obligations shall not be subject to any of the sharing arrangements set forth in this Exhibit A.~~

~~Definitions~~

~~"Bank Obligations" means all "Obligations" as defined in the Credit Agreement.~~

~~"Noteholder Guaranty" means a guaranty by the Subsidiaries of the Company in favor of the Noteholders in respect of the Company's obligations to the Noteholders under the Note Purchase Agreement and the New Notes.~~

~~"Noteholder Obligations" means, collectively, without duplication, all amounts owing by the Company and its Subsidiaries to the Noteholders, pursuant to the terms of the Note Purchase Agreement, the New Notes and the Noteholder Guaranty, in respect of fees, expenses, and principal of, and interest and make whole amount on, the New Notes, and other amounts due under the Note Purchase Agreement and the other related documents.~~

~~"Notice of Election to Share" means a notice executed and delivered by the Noteholders or the Banks, as the case may be, which notice shall invoke the sharing provisions provided in the intercreditor agreement.~~

~~"Obligations" means, collectively, the Bank Obligations and the Noteholder Obligations.~~

~~"Sharing Percentage" means, with respect to any Lender at any time of determination, the percentage equal to (a) the sum of the amount of the Obligations owed to such Lender at such time divided by (b) the sum of the amount of the Obligations owed to all Lenders at such time.~~

~~Wachovia Bank, N.A.
1339 Chestnut Street
Philadelphia, PA 19107~~

~~[Wachovia Logo]~~ ~~Wachovia Securities~~

~~September 12, 2003~~

~~Via Facsimile and Overnight Delivery Service~~

~~Kaman Corporation
1332 Blue Hills Avenue
Bloomfield, Connecticut 06002
Attention: Robert M. Garneau
Executive Vice President & Chief Financial Officer~~

~~Re: Amendment to Credit Agreement~~

~~Dear Mr. Garneau:~~

~~Reference is hereby made to:~~

~~(a) The Credit Agreement dated as of July 29, 2002 (as amended, restated, supplemented or otherwise modified, the "Credit Agreement") by and among Wachovia Bank, National Association, as Lender ("Wachovia"), Kaman Corporation, as borrower and guarantor ("Kaman"), and RWG Frankenjura Industrie Flugwerklager GmbH, as borrower; and~~

~~(b) The Revolving Credit Agreement dated as of November 13, 2000 (as amended, restated, supplemented or otherwise modified, the "Revolving Credit Agreement"), by and among Kaman, the banks party thereto and The Bank of Nova Scotia ("Scotiabank") and Fleet National Bank ("Fleet") as the Co-Administrative Agents for the banks.~~

~~All capitalized undefined terms used in this letter shall have the meanings assigned thereto in the Credit Agreement.~~

~~You have informed us that the Revolving Credit Agreement has been amended as of the date hereof by Amendment No.2 to Revolving Credit Agreement dated as of September 12, 2003 ("Amendment No.2").~~

~~Page 1~~

~~in the form attached hereto as Exhibit A Wachovia, as a bank under the Revolving Credit Agreement has approved Amendment No.2. Pursuant to the terms of Section 11.17 of the Credit Agreement, Wachovia hereby amends the Credit Agreement to incorporate the terms of Amendment No. 2 as applicable to the Credit Agreement.~~

~~Except as expressly set forth herein, the Credit Agreement shall continue to be, and shall remain, in full force and effect. This letter shall not be deemed to be a modification or amendment of any other term or condition of the Credit Agreement or to prejudice any other right or remedies which the Lender may now have or may have in the future under or in connection with the Credit Agreement or any other Loan Document or any of the instruments or agreements referred to therein, as the same may be amended, restated or otherwise modified from time to time. This document is part of the Credit Agreement and constitutes a Loan Document thereunder.~~

~~This letter and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Connecticut, without reference to the conflicts or choice of law principles thereof~~

~~Very truly yours,~~

~~By: /s/ James S. Conville~~
~~Name: James S. Conville~~
~~Title: Assistant Vice President~~

~~ACKNOWLEDGED AND AGREED TO:~~

~~KAMAN CORPORATION~~

~~By: /s/ Russell H. Jones~~
~~Name: Russell H. Jones~~
~~Title: Sr. V.P., CIO and Treasurer~~

~~RWG FRANKENJURA INDUSTRIE~~
~~FLUGWERKLAGER GMBH~~

~~By: /s/ Robert M. Garneau~~
~~Name: Robert M. Garneau~~
~~Title: Procurist~~

~~ISDA (Registered Trademark)
International Swap Dealers Association, Inc.~~

~~MASTER AGREEMENT~~

~~dated as of October 25, 2002~~

~~WACHOVIA BANK, NATIONAL ASSOCIATION and KAMAN CORPORATION~~

~~have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.~~

~~Accordingly, the parties agree as follows:~~

~~1. Interpretation~~

~~(a) Definitions. The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.~~

~~(b) Inconsistency. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.~~

~~(c) Single Agreement. All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.~~

~~2. Obligations~~

~~(a) General Conditions.~~

~~(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.~~

~~(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the~~

~~Page 1~~

~~manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.~~

~~(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.~~

~~(b) Change of Account. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.~~

~~(c) Netting. If on any date amounts would otherwise be payable:~~

~~_____ (i) _____ in the same currency; and~~

~~_____ (ii) _____ in respect of the same Transaction;~~

~~by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.~~

~~The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply~~

~~_____ Page 2~~

~~separately to each pairing of Offices through which the parties make and receive payments or deliveries.~~

~~(d) Deduction or Withholding for Tax.~~

~~_____ (i) _____ Gross Up. All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:_____~~

~~_____ (1) promptly notify the other party ("Y") of such requirement;_____~~

~~_____ (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;_____~~

~~_____ (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and_____~~

~~_____ (4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:_____~~

~~_____ (A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or_____~~

~~_____ (B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (i) any action taken by a taxing authority,_____~~

~~or brought in a court of competent jurisdiction,
on or after the date on which a Transaction is~~

~~Page 3~~

~~entered into (regardless of whether such action
is taken or brought with respect to a party to
this Agreement) or (II) a Change in Tax Law.~~

~~(ii) Liability. If:~~

~~(1) X is required by any applicable law, as
modified by the practice of any relevant
governmental revenue authority, to make any
deduction or withholding in respect of which X
would not be required to pay an additional amount
to Y under Section 2(d)(i)(4);~~

~~(2) X does not so deduct or withhold; and~~

~~(3) a liability resulting from such Tax is
assessed directly against X;~~

~~then, except to the extent Y has satisfied or then satisfies
the liability resulting from such Tax, Y will promptly pay to
X the amount of such liability (including any related
liability for interest, but including any related liability
for penalties only if Y has failed to comply with or perform
any agreement contained in Section 4(a)(i), 4(a)(iii) or
4(d)).~~

~~(e) Default Interest; Other Amounts. Prior to the occurrence or
effective designation of an Early Termination Date in respect of
the relevant Transaction, a party that defaults in the performance
of any payment obligation will, to the extent permitted by law and
subject to Section 6(e), be required to pay interest (before as
well as after judgment) on the overdue amount to the other party
on demand in the same currency as such overdue amount, for the
period from (and including) the original due date for payment to
(but excluding) the date of actual payment, at the Default Rate.
Such interest will be calculated on the basis of daily compounding
and the actual number of days elapsed. If, prior to the occurrence
or effective designation of an Early Termination Date in respect
of the relevant Transaction, a party defaults in the performance
of any obligation required to be settled by delivery, it will
compensate the other party on demand if and to the extent provided
for in the relevant Confirmation or elsewhere in this Agreement.~~

~~3. Representations~~

~~Each party represents to the other party (which representations
will be deemed to be repeated by each party on each date on which
a Transaction is entered into and, in the case of the
representations in Section 3(f), at all times until the
termination of this Agreement) that:~~

~~(a) Basic Representations.~~

~~Page 4~~

~~(i) Status. It is duly organised and validly existing
under the laws of the jurisdiction of its organisation or
incorporation and, if relevant under such laws, in good standing;~~

~~(ii) Powers. It has the power to execute this Agreement and
any other documentation relating to this Agreement to which it is
a party, to deliver this Agreement and any other documentation
relating to this Agreement that it is required by this Agreement
to deliver and to perform its obligations under this Agreement and
any obligations it has under any Credit Support Document to which
it is a party and has taken all necessary action to authorise such
execution, delivery and performance;~~

~~(iii) No Violation or Conflict. Such execution, delivery and
performance do not violate or conflict with any law applicable to
it, any provision of its constitutional documents, any order or
judgment of any court or other agency of government applicable to
it or any of its assets or any contractual restriction binding on
or affecting it or any of its assets;~~

~~(iv) Consents. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and~~

~~(v) Obligations Binding. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).~~

~~(b) Absence of Certain Events. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.~~

~~(c) Absence of Litigation. There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.~~

~~Page 5~~

~~(d) Accuracy of Specified Information. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.~~

~~(e) Payer Tax Representation. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.~~

~~(f) Payee Tax Representations. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.~~

~~4. Agreements~~

~~Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—~~

~~(a) Furnish Specified Information. It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:—~~

~~(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;~~

~~(ii) any other documents specified in the Schedule or any Confirmation; and~~

~~(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required~~

~~certification,~~

~~in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.~~

~~(b) Maintain Authorisations. It will use all reasonable efforts to maintain in full force and effect all consents of any~~

~~Page 6~~

~~governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.~~

~~(c) Comply with Laws. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.~~

~~(d) Tax Agreement. It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.~~

~~(e) Payment of Stamp Tax. Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.~~

~~5. Events of Default and Termination Events~~

~~(a) Events of Default. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—~~

~~(i) Failure to Pay or Deliver. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;~~

~~(ii) Breach of Agreement. Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;~~

~~Page 7~~

~~(iii) Credit Support Default.~~

~~(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;~~

~~(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case~~

~~other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or~~

~~(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;~~

~~(iv) Misrepresentation. A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;~~

~~(v) Default under Specified Transaction. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);~~

~~(vi) Cross Default. If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or~~

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~~existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);~~

~~(vii) Bankruptcy. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:~~

~~(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or~~

~~the making of an order for its winding up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or~~

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~~other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or~~

~~(viii) Merger Without Assumption. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:—~~

~~(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or~~

~~(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.~~

~~(b) Termination Events. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:—~~

~~(i) Illegality. Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result~~

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~~of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):—~~

~~(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this~~

~~Agreement relating to such Transaction; or~~

~~(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;~~

~~(ii) Tax Event. Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));~~

~~(iii) Tax Event Upon Merger. The party (the "Burdened Party") on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);~~

~~(iv) Credit Event Upon Merger. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or~~

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~~and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.~~

~~(ii) Transfer to Avoid Termination Event. If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.~~

~~If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).~~

~~Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.~~

~~(iii) Two Affected Parties. If an Illegality under Section~~

~~5(b)(i)(1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.~~

~~(iv) Right to Terminate. If:~~

~~(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or~~

~~(2) an Illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,~~

~~either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in~~

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~~the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.~~

~~(c) Effect of Designation.~~

~~(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.~~

~~(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).~~

~~(d) Calculations.~~

~~(i) Statement. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.~~

~~(ii) Payment Date. An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest~~

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~~thereon (before as well as after judgment) in the Termination~~

~~Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.~~

~~(e) Payments on Early Termination. If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set off.~~

~~(i) Events of Default. If the Early Termination Date results from an Event of Default:~~

~~(1) First Method and Market Quotation. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.~~

~~(2) First Method and Loss. If the First Method and Loss apply, the Defaulting Party will pay to the Non defaulting Party, if a positive number, the Non defaulting Party's Loss in respect of this Agreement.~~

~~(3) Second Method and Market Quotation. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non defaulting Party; if it is a negative number, the Non defaulting Party will pay the absolute value of that amount to the Defaulting Party.~~

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~~(4) Second Method and Loss. If the Second Method and Loss apply, an amount will be payable equal to the Non defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non defaulting Party; if it is a negative number, the Non defaulting Party will pay the absolute value of that amount to the Defaulting Party.~~

~~(ii) Termination Events. If the Early Termination Date results from a Termination Event:~~

~~(1) One Affected Party. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.~~

~~(2) Two Affected Parties. If there are two Affected Parties:~~

~~(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and~~

~~(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").~~

~~If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.~~

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~~(iii) Adjustment for Bankruptcy. In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(c) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).~~

~~(iv) Pre Estimate. The parties agree that if Market Quotation applies an amount recoverable under this Section 6(c) is a reasonable pre estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.~~

~~7. Transfer~~

~~Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—~~

~~(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and~~

~~(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(c).~~

~~Any purported transfer that is not in compliance with this Section will be void.~~

~~8. Contractual Currency~~

~~(a) Payment in the Contractual Currency. Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in~~

~~converting the currency so tendered into the Contractual Currency,~~

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~~of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.~~

~~(b) Judgments. To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.~~

~~(c) Separate Indemnities. To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.~~

~~(d) Evidence of Loss. For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.~~

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~~9. Miscellaneous~~

~~(a) Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.~~

~~(b) Amendments. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.~~

~~(c) Survival of Obligations. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.~~

~~(d) Remedies Cumulative. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers,~~

~~remedies and privileges provided by law.~~

~~(e) Counterparts and Confirmations.~~

~~(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.~~

~~(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.~~

~~(f) No Waiver of Rights. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.~~

~~(g) Headings. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.~~

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~~10. Offices; Multibranch Parties~~

~~(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.~~

~~(b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.~~

~~(c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.~~

~~11. Expenses~~

~~A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out of pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.~~

~~12. Notices~~

~~(a) Effectiveness. Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:~~

~~(i) if in writing and delivered in person or by courier,~~

~~on the date it is delivered;~~

~~(ii) if sent by telex, on the date the recipient's answerback is received;~~

~~(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the~~

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~~recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);~~

~~(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted, or~~

~~(v) if sent by electronic messaging system, on the date that electronic message is received,~~

~~unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.~~

~~(b) Change of Addresses. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.~~

~~13. Governing Law and Jurisdiction~~

~~(a) Governing Law. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.~~

~~(b) Jurisdiction. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:~~

~~(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and~~

~~(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.~~

~~Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting~~

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~~States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.~~

~~(c) Service of Process. Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12.~~

~~Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.~~

~~(d) Waiver of Immunities. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.~~

~~14. Definitions~~

~~As used in this Agreement:~~

~~"Additional Termination Event" has the meaning specified in Section 5(b).~~

~~"Affected Party" has the meaning specified in Section 5(b).~~

~~"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.~~

~~"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.~~

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~~"Applicable Rate" means:—~~

~~(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;~~

~~(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;~~

~~(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non default Rate; and~~

~~(d) in all other cases, the Termination Rate.~~

~~"Burdened Party" has the meaning specified in Section 5(b).~~

~~"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.~~

~~"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.~~

~~"Credit Event Upon Merger" has the meaning specified in Section 5(b).~~

~~"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.~~

~~"Credit Support Provider" has the meaning specified in the Schedule.~~

~~"Default Rate" means a rate per annum equal to the cost (without~~

~~proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.~~

~~"Defaulting Party" has the meaning specified in Section 6(a).~~

~~"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b) (iv).~~

~~"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.~~

~~"Illegality" has the meaning specified in Section 5(b).~~

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~~"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).~~

~~"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and "lawful" and "unlawful" will be construed accordingly.~~

~~"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a) (i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a) (i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a) (v) (2), in the relevant locations for performance with respect to such Specified Transaction.~~

~~"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before~~

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~~the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e) (i) (1) or (3) or 6(e) (ii) (2) (A) applies. Loss does not include a party's legal fees and out of pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant~~

~~rates or prices from one or more leading dealers in the relevant markets.~~

~~"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(c), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations~~

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~~shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.~~

~~"Non default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.~~

~~"Non defaulting Party" has the meaning specified in Section 6(a).~~

~~"Office" means a branch or office of a party, which may be such party's head or home office.~~

~~"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.~~

~~"Reference Market makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.~~

~~"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through~~

~~which such payment is made.~~

~~"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.~~

~~"Set-off" means set off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.~~

~~"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:~~

~~(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and~~

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~~(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.~~

~~"Specified Entity" has the meanings specified in the Schedule.~~

~~"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.~~

~~"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.~~

~~"Stamp Tax" means any stamp, registration, documentation or similar tax.~~

~~"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.~~

~~"Tax Event" has the meaning specified in Section 5(b).~~

~~"Tax Event Upon Merger" has the meaning specified in Section 5(b).~~

~~"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).~~

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~~"Termination Currency" has the meaning specified in the Schedule.~~

~~"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a. m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.~~

~~"Termination Event" means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.~~

~~"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.~~

~~"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market~~

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~~value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.~~

~~IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.~~

~~WACHOVIA BANK, NATIONAL ASSOCIATION~~

~~By: /s/ John Micchkowski
Name: John Micchkowski
Title: Vice President~~

~~KAMAN CORPORATION
By: /s/ P.C. Goldenberg
Name: Patricia C. Goldenberg
Title: Assistant Treasurer~~

~~KAMAN CORPORATION AND SUBSIDIARIES~~
~~EXHIBIT 11 EARNINGS (LOSS) PER SHARE COMPUTATION~~
~~(IN THOUSANDS EXCEPT PER SHARE AMOUNT)~~

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2003	2002	2003	2002
Basic:				
Net earnings (loss)	\$ 1,188	\$ 5,572	\$ 18,438	\$(39,453)
Weighted average number of				
shares outstanding	22,584	22,446	22,543	22,394
Net earnings (loss) per share				
basic	\$.05	\$.25	\$.82	\$ (1.76)

~~Diluted:~~

Net earnings (loss)	\$ 1,188	\$ 5,572	\$ 18,438	\$ (39,453)
Elimination of interest expense				
on 6% subordinated convertible				
debentures (net after taxes)	197	230	608	
Net earnings (loss) (as adjusted)	\$ 1,385	\$ 5,802	\$ 19,046	\$ (39,453)
Weighted average number of				
shares outstanding	22,584	22,446	22,543	22,394
Weighted average shares issuable				
on conversion of 6%				
subordinated convertible				
debentures	923	994	942	
Weighted average shares issuable				
on exercise of diluted stock				
options	78	81	31	
Total	23,585	23,521	23,516	22,394

Net earnings (loss) per share				
diluted*	\$.05	\$.25	\$.81	\$ (1.76)

~~*The calculated diluted per share amounts for the three months ended September 30, 2003 and the nine months ended September 30, 2002 are anti dilutive, therefore, amounts shown are equal of the basic per share calculation. Additional potentially diluted average shares outstanding of 1,186 for the nine months ended September 30, 2002 have been excluded from the average diluted shares outstanding due to the loss from operations in that year.~~

Exhibit 31.1

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

~~I, Paul R. Kuhn, certify that:~~

~~_____ 1. I have reviewed this quarterly report on Form 10-Q of
Kaman Corporation [the "Registrant"];~~

~~_____ 2. Based on my knowledge, this report does not contain any
untrue statement of a material fact or omit to state a material
fact necessary to make the statements made, in light of the
circumstances under which such statements were made, not
misleading with respect to the period covered by this report;~~

~~_____ 3. Based on my knowledge, the financial statements, and
other financial information included in this report, fairly
present in all material respects the financial condition, results~~

~~of operations and cash flows of the registrant as of, and for, the periods presented in this report;~~

~~4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:~~

~~(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;~~

~~(b) Intentionally omitted pursuant to the guidance contained in SEC Release 33-8238.~~

~~(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and~~

~~(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and~~

~~Page 1 of 2 Pages~~

~~Exhibit 31.1 (continued)~~

~~5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):~~

~~(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and~~

~~(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.~~

~~Date: November 5, 2003 By: /s/ Paul R. Kuhn~~

~~Paul R. Kuhn
Chairman, President and
Chief Executive Officer~~

Exhibit 31.2

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

~~I, Robert M. Garneau, certify that:~~

~~_____ 1. I have reviewed this quarterly report on Form 10-Q of
Kaman Corporation [the "Registrant"];~~

~~_____ 2. Based on my knowledge, this report does not contain any
untrue statement of a material fact or omit to state a material
fact necessary to make the statements made, in light of the
circumstances under which such statements were made, not
misleading with respect to the period covered by this report;~~

~~_____ 3. Based on my knowledge, the financial statements, and
other financial information included in this report, fairly
present in all material respects the financial condition, results~~

~~of operations and cash flows of the registrant as of, and for, the periods presented in this report;~~

~~4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:~~

~~(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;~~

~~(b) Intentionally omitted pursuant to the guidance contained in SEC Release 33-8238.~~

~~(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and~~

~~(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and~~

~~Page 1 of 2 Pages~~

~~Exhibit 31.2 (continued)~~

~~5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):~~

~~(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and~~

~~(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.~~

~~Date: November 5, 2003 By: /s/ Robert M. Garneau~~

~~Robert M. Garneau
Executive Vice President and
Chief Financial Officer~~

~~Exhibit 32.1~~

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

~~In connection with the Quarterly Report of Kaman Corporation
(the "Corporation") on Form 10-Q for the period ended September 30,
2003, as filed with the Securities and Exchange Commission on the
date hereof (the "Report"), I, Paul R. Kuhn, Chief Executive
Officer of the Corporation, certify, pursuant to 18 U.S.C.
Section 1350, as adopted pursuant to Section 906 of the Sarbanes-
Oxley Act of 2002, that to the best of my knowledge:~~

- ~~1) The Report fully complies with the requirements of Section
13(a) or 15(d) of the Securities Exchange Act of 1934, and~~
- ~~2) The information contained in the Report fairly presents, in~~

~~all material respects, the financial condition and results of
operations of the Corporation.~~

~~By: /s/ Paul R. Kuhn~~

~~Paul R. Kuhn
Chairman, President and
Chief Executive Officer
November 5, 2003~~

Exhibit 32.2

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

~~In connection with the Quarterly Report of Kaman Corporation
(the "Corporation") on Form 10-Q for the period ended September 30,
2003, as filed with the Securities and Exchange Commission on the
date hereof (the "Report"), I, Robert M. Carneau, Chief Financial
Officer of the Corporation, certify, pursuant to 18 U.S.C. Section
1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act
of 2002, that to the best of my knowledge:~~

- ~~1) The Report fully complies with the requirements of Section
13(a) or 15(d) of the Securities Exchange Act of 1934, and~~
- ~~2) The information contained in the Report fairly presents, in~~

~~all material respects, the financial condition and results of
operations of the Corporation.~~

~~By: /s/ Robert M. Garneau~~

~~Robert M. Garneau
Executive Vice President
and Chief Financial Officer
November 5, 2003~~