

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

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

Commission File No. 0-1093

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction
of incorporation or organization)

06-0613548
(I.R.S. Employer
Identification No.)

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock (\$1 par value)	The NASDAQ Stock Market, Inc.

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

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

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

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

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

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

Large accelerated filer x	Accelerated filer o	Non-accelerated
filer o	Smaller reporting company o	

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

The aggregate market value on June 27, 2008 (the last business day of the Company's most recently completed second quarter) of the voting common stock held by non-affiliates of the registrant, computed by reference to the closing price of the stock, was approximately \$570,226,767.

At January 30, 2009, there were 25,479,150 shares of Common Stock outstanding.

Documents Incorporated Herein By Reference

Portions of our definitive proxy statement for our 2009 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

Kaman Corporation
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PART I

ITEM 1. BUSINESS

GENERAL

Kaman Corporation, headquartered in Bloomfield, Connecticut, was incorporated in 1945. We are a diversified company that conducts business in the aerospace and industrial distribution markets. We report information for ourselves and our subsidiaries (collectively, the "Company") in five business segments. They are Industrial Distribution and four reporting segments within the aerospace industry: Aerostructures, Precision Products, Helicopters, and Specialty Bearings (collectively, the "Aerospace Segments").

A discussion of 2008 developments is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in this Form 10-K.

Aerostructures Segment

The Aerostructures segment has been a supplier of commercial and military aircraft structures and subsystems for over 50 years. Our product portfolio currently consists of metallic and composite detail parts, minor and major subassemblies, flight control surfaces, composite interiors and fuselage and wing structures. We offer a range of services from build-to-print manufacturing, to major structural assembly, to full production integration, including procurement and installation of wiring and sub-systems. We currently perform work on many major commercial and military platforms including the Boeing 767, 777 and 787, the Boeing C-17 and the Sikorsky UH-60. Other customers include Airbus, Bell Helicopter and BAE Systems. Operations are conducted at Kaman Aerospace Corporation's ("KAC") Aerostructures Division in Jacksonville, FL, at Plastic Fabricating Company, Inc. in Wichita, KS ("Aerostructures Wichita") and at Brookhouse Holdings Ltd. in Darwen, Lancashire, United Kingdom and Hyde, Greater Manchester, United Kingdom ("Brookhouse").

We have made, and continue to make, strategic investments in composite technology and machining capabilities. This combined with the expansion of our supply chain and program management organizations as well as a commitment to achieving operational excellence allows us to offer our customers an integrated solution for their aerostructures needs.

Precision Products Segment (formerly the Fuzing Segment)

The Precision Products segment manufactures products for military and commercial markets, primarily related to military safe, arm and fuzing devices for several missile and bomb programs; as well as precision non-contact measuring systems for industrial and scientific use; and high reliability memory systems for airborne, shipboard, and ground-based programs. One of our key programs is the Joint Programmable Fuze (FMU-152 A/B) used in the MK80 series bombs, BLU-109, and in conjunction with JDAM and Paveway weapon kits.

Our capabilities include the design, development, test and manufacture of fuzing products. Our year round test facility is equipped with projectile velocity measurement equipment, projectile impact media, high-speed photographic equipment and lighting for night firing and tests. Principal customers include the U.S. military, Boeing, Lockheed Martin and Raytheon. Operations are conducted at KAC's Precision Products Division in Middletown, CT and Tucson, AZ and at Kaman Precision Products, Inc. in Orlando, FL ("KPP Orlando").

Helicopters Segment

The Helicopters segment, with our manufacturing capabilities and highly experienced people, markets our helicopter engineering expertise and performs subcontract work for other prime aerospace manufacturers. This includes the designing, testing, certifying, and delivery of major assemblies, complex components, subassemblies, and detail parts. We also refurbish, provide upgrades for and otherwise support Kaman SH-2G maritime helicopters operating with foreign militaries. Our K-MAX® "aerial truck" helicopter is used to perform repetitive external lifting and is operated by commercial customers in several countries for logging, fire fighting and various construction projects. The SH-2G aircraft is currently in service with the Egyptian Air Force and the New Zealand and Polish Navies. Operations are primarily conducted at KAC's Helicopters Division in Bloomfield, Connecticut.

Specialty Bearings Segment

The Specialty Bearings segment manufactures high-performance mechanical products used primarily in aviation. These products are used as original equipment and/or specified as replacement parts by the manufacturers of nearly every military and commercial aircraft manufactured in North and South America and Europe. Our engineering services are available for unique high performance applications requiring innovation and advanced technology. We operate highly automated manufacturing facilities that allow us to produce our products reliably and efficiently. These products are primarily proprietary self-lubricating ball and roller bearings for aircraft flight controls, turbine engines, and landing gear; driveline couplings for helicopters; self-lubricated bearings for hydropower installations, ships and submarines; and composite “flyer bows” used in the wire industry. The range of Specialty Bearings’ products includes:

- Karon® Bearings - self-lubricating bearings for aircraft and marine use;
- FraSlip® Bearings - self-lubricating bearings for aircraft and industrial use;
- Karon® Hydropower Bearings - ideally suited for demanding hydropower applications;
- KAfex® Couplings - driveshafts and couplings used in helicopters;
- Deep groove and self lubricating spherical ball and roller bearings for aircraft and industrial use; and
- Composite Flyer Bows - high-strength processing devices for the wire making industry including the Back Bone® Bow.

Operations for the Specialty Bearings segment are conducted at Kamatics Corporation in Bloomfield, Connecticut and RWG Frankenjura-Industrie Flugwerklager GmbH in Dachsbad, Germany.

Industrial Distribution Segment

Kaman Industrial Technologies Corporation (“KIT”) brings our commitment to technological leadership and value-added services to the Industrial Distribution business. The Industrial Distribution segment is the third largest power transmission/motion control industrial distributor in North America. We provide products including bearings, mechanical and electrical power transmission, fluid power, motion control and materials handling components to a broad spectrum of industrial markets throughout North America. Locations consist of nearly 200 branches, distribution centers and call centers across the United States (including Puerto Rico) and in Canada and Mexico. We offer approximately three million items, as well as value-added services, to a base of approximately 50,000 customers representing a highly diversified cross section of North American industry. Subsidiaries of KIT include Kaman Industrial Technologies, Ltd., Delamac de Mexico, S.A. de C.V., Industrial Supply Corporation & Industrial Rubber and Mechanics, Inc.

Divestiture of the Music Segment

On December 31, 2007, we completed the sale of all of the capital stock of our wholly owned subsidiary, Kaman Music Corporation, to Fender Musical Instruments Corporation (“FMIC” or “Fender”). Pursuant to the terms of the stock purchase agreement, as amended, we received \$119.5 million in cash.

FINANCIAL INFORMATION ABOUT OUR SEGMENTS

Financial information about our segments is included in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Note 21, Segment and Geographic Information, of the Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

PRINCIPAL PRODUCTS AND SERVICES

The following is information for the three preceding years concerning the percentage contribution of each business segment's products and services to consolidated net sales from continuing operations:

	Years Ended December 31,		
	2008	2007	2006
Aerostructures	11.8%	9.4%	7.9%
Precision Products	9.4%	8.1%	7.2%
Helicopters	5.5%	6.6%	7.1%
Specialty Bearings	11.3%	11.4%	10.7%
Subtotal Aerospace	38.0%	35.5%	32.9%
Industrial Distribution	62.0%	64.5%	67.1%
Total	100.0%	100.0%	100.0%

AVAILABILITY OF RAW MATERIALS

While we believe we have sufficient sources for the materials, components, services and supplies used in our manufacturing, we are highly dependent on the availability of essential materials, parts and subassemblies from our suppliers and subcontractors. The most important raw materials required for our aerospace products are aluminum (sheet, plate, forgings and extrusions), titanium, nickel, copper and composites. Many major components and product equipment items are procured or subcontracted on a sole-source basis with a number of domestic and non-U.S. companies. Although alternative sources generally exist for these raw materials, qualification of the sources could take a year or more. We are dependent upon the ability of a large number of suppliers and subcontractors to meet performance specifications, quality standards and delivery schedules at anticipated costs. While we maintain an extensive qualification system to control risk associated with such reliance on third parties, failure of suppliers or subcontractors to meet commitments could adversely affect production schedules and contract profitability, while jeopardizing our ability to fulfill commitments to our customers. Although high prices for some raw materials important to some of our businesses (steel, copper, aluminum, titanium and nickel) may cause margin and cost pressures, we do not foresee any near term unavailability of materials, components or supplies that would have an adverse effect on our business, or on any of our business segments. For further discussion of the possible effects of changes in the cost or availability of raw materials on our business, see Item 1A, Risk Factors, in this Form 10-K.

PATENTS AND TRADEMARKS

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

Although the company's patents and trademarks enhance our competitive position, we believe that none of such patents or trademarks is singularly or as a group essential to our business as a whole. We hold or have applied for U.S. and foreign patents with expiration dates that range through the year 2025.

Registered trademarks of Kaman Corporation include KAflex, KArone, and K-MAX. In all, we maintain 26 U.S. and foreign trademarks.

BACKLOG

Our entire backlog is attributable to the Aerospace Segments. We anticipate that approximately 63.4% of our backlog at the end of 2008 will be performed in 2009. Approximately 68.3% of the backlog at the end of 2008 is related to U.S. Government contracts or subcontracts, which include government orders that are firm but not yet funded and contracts that are awarded but not yet signed. Virtually all of these government contracts or subcontracts have been signed.

Total backlog, the portion of the backlog we expect to complete in 2009, and the portion of the backlog represented by U.S. Government contracts for each of the Aerospace Segments, are as follows:

	Total Backlog at December 31, 2008		2008 Backlog to be completed in 2009	Total Backlog at December 31, 2007 (in thousands)	Total Backlog at December 31, 2006
	Amount, in thousands	% U.S. Government			
Aerostructures	\$ 260,771	77.3%	\$ 138,713	\$ 130,598	\$ 84,178
Precision Products	151,552	92.8%	95,734	140,872	169,742
Helicopters	45,416	50.1%	36,242	106,269	116,028
Specialty Bearings	92,997	12.4%	78,432	96,790	80,646
Total	<u>\$ 550,736</u>	<u>68.3%</u>	<u>\$ 349,121</u>	<u>\$ 474,529</u>	<u>\$ 450,594</u>

GOVERNMENT CONTRACTS

During 2008, approximately 94.0% of the work performed by the company directly or indirectly for the U.S. government was performed on a fixed-price basis and the balance was performed on a cost-reimbursement basis. Under a fixed-price contract, the price paid to the contractor is negotiated at the outset of the contract and is not generally subject to adjustment to reflect the actual costs incurred by the contractor in the performance of the contract. Cost reimbursement contracts provide for the reimbursement of allowable costs and an additional negotiated fee.

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

COMPETITION

The Aerospace Segments operate in a competitive environment with many other domestic and foreign organizations and are affected by the political and economic circumstances of their potential foreign customers.

The Aerostructures segment competes for aircraft structures and components business on the basis of price, product quality, and performance.

The Precision Products segment competes for its business primarily on the basis of technical competence, product quality, price, its experience as a developer and manufacturer of such products for particular applications and the availability of facilities, equipment and personnel.

The Helicopters segment competes on the basis of price, performance, its experience as a manufacturer of helicopters, the quality of its products and services, and the availability of facilities and equipment to perform subcontract services.

The Specialty Bearings segment competes for its specialty aircraft bearing business based on quality and proprietary knowledge, product endurance, delivery lead-time, and special performance characteristics.

The Industrial Distribution segment competes for business with several other national distributors, two of which are substantially larger, and with many regional and local organizations. Competitive forces have intensified due to the increasing importance of large national accounts and the increasing consolidation in supplier relationships. We compete for business on the basis of price, performance and value added services that we are able to provide as one of the largest national distributors in North America.

RESEARCH AND DEVELOPMENT EXPENDITURES

Government sponsored research expenditures (which are included in cost of sales) were \$6.3 million in 2008, \$2.6 million in 2007, and \$4.4 million in 2006. Independent research and development expenditures (which are included in selling, general and administrative expenses) were \$4.2 million in 2008, \$3.3 million in 2007, and \$3.3 million in 2006.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

We are subject to the usual reviews, inspections and enforcement actions by various federal and state environmental and enforcement agencies and have entered into agreements and consent decrees at various times in connection with such reviews. In addition, we engage in various environmental studies and investigations and, where legally required to do so, undertake appropriate remedial actions at facilities we own or control, either voluntarily or in connection with the acquisition, disposal or operation of such facilities.

Such studies and investigations are ongoing at the company's Bloomfield and Moosup, Connecticut facilities. Voluntary remediation activities have been undertaken at the Moosup facility. In connection with the company's 2008 purchase of the Bloomfield facility formerly owned by the federal government, we continue the process of identifying various remediation activities that we will undertake in connection with that purchase, which relate principally to items that are required under the Connecticut Transfer Act (the Act) as a result of the transfer of ownership of the property. This item is discussed in more detail in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations – Helicopters Segment, and in Item 2, Properties, in this Form 10-K.

Also, in preparation for disposition of the Moosup facility, we have sought and obtained the conditional approval of the State of Connecticut Department of Environmental Protection ("CTDEP") to a reclassification of the groundwater in the vicinity to be consistent with the industrial character of the area. The company has substantially completed work related to such ground water reclassification (including connection of certain neighboring properties to public drinking water) in coordination with CTDEP and local authorities.

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

Additionally, we have accrued \$2.4 million for environmental compliance at our recently acquired Brookhouse facilities. We are in the early stages of assessing the work that may be required, which may result in a change to this accrual.

With respect to all other matters that may currently be pending, in the opinion of management, based on our analysis of relevant facts and circumstances, compliance with relevant environmental protection laws is not likely to have a material adverse effect upon our

capital expenditures, earnings or competitive position. In arriving at this conclusion, we have taken into consideration site-specific information available regarding total costs of any work to be performed, and the extent of work previously performed. Where we have been identified as a “potentially responsible party” (PRP) by environmental authorities at a particular site, we, using information available to us, have also reviewed and considered a number of other factors, including: (i) the financial resources of other PRPs involved in each site, and their proportionate share of the total volume of waste at the site; (ii) the existence of insurance, if any, and the financial viability of the insurers; and (iii) the success others have had in receiving reimbursement for similar costs under similar insurance policies issued during the periods applicable to each site. No such matters were outstanding at the end of 2008.

EMPLOYEES

As of December 31, 2008, the company employed 4,294 individuals throughout its business segments and corporate headquarters.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

Financial information about geographic areas is included in Note 21, Segment and Geographic Information, of the Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

AVAILABLE INFORMATION

We are subject to the reporting requirements of the Exchange Act and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the U.S. Securities and Exchange Commission (“SEC”). Copies of these reports, proxy statements and other information can be read and copied at:

SEC Public Reference Room
100 F Street NE
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC’s website at <http://www.sec.gov>.

We make available, free of charge on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, proxy statements, and current reports on Form 8-K as well as amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, together with Section 16 insider beneficial stock ownership reports, as soon as reasonably practicable after we electronically file these documents with, or furnish them to, the SEC. These documents are posted on our website at www.kaman.com — select the “Investors & Media” link and then the “SEC Documents” link.

We also make available, free of charge on our website, the Certificate of Incorporation, By-Laws, Governance Principles and all Board of Directors' standing Committee Charters (including Audit, Corporate Governance, Personnel & Compensation and Finance). These documents are posted on our website at www.kaman.com — select the “Corporate Governance” link.

The information contained in our website is not intended to be incorporated into this Form 10-K.

Item 1A. Risk Factors

Our business, financial condition, operating results and cash flows can be impacted by a number of factors, including, but not limited to, those set forth below, any one of which could cause our actual results to vary materially from recent results or anticipated future results.

Current economic conditions may have an impact on our future operating results.

With the current economic downturn, the Company's operating results and liquidity may be impacted in several ways, including:

- the inability to obtain further bank financing, which may limit our ability to fully execute our strategy in the short term;
- higher interest rates on future borrowings, which would limit our free cash flow;
- a reduction of the value of our pension plan investments and the associated impact on required contributions and plan expense;
- changes in the relationships between the U.S. Dollar and the Euro, the British Pound, the Australian Dollar, the Mexican Peso and the Canadian Dollar, which could positively or negatively impact our financial results;
- less activity relative to capital projects and planned expansions;
- increased bad debt reserves or slower payments from customers;
- decreased order activity from our customers particularly in the Industrial Distribution and Specialty Bearings segments, which would result in lower operating profits as well as less absorption of fixed costs due to the decreased business base; and
- the ability of our suppliers to meet our demand requirements, maintain the pricing of their products, or continue operations, which may require us to find and qualify new suppliers.

To mitigate these risks, we continually evaluate opportunities for future financing, monitor current borrowing rates, review our receivables to maximize collectability and monitor the stability of our supply chain. We recently executed a term loan credit agreement, as more fully described in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our financial performance is significantly influenced by the conditions of the aerospace industry.

The combined Aerospace Segments' results are directly tied to economic conditions in the commercial aviation and defense industries. As a result, changes in economic conditions may cause customers to request that firm orders be rescheduled or canceled, which could put a portion of our backlog at risk. Additionally, a significant amount of work that we perform under contract tends to be for a few large customers.

The commercial aviation industry tends to be cyclical, and capital spending by airlines and aircraft manufacturers may be influenced by a variety of factors including current and future traffic levels, aircraft fuel pricing, labor issues, competition, the retirement of older aircraft, regulatory changes, terrorism and related safety concerns, general economic conditions, worldwide airline profits and backlog levels.

The defense industry is also affected by a changing global political environment, continued pressure on U.S. and global defense spending, U.S. foreign policy and the level of activity in military flight operations. Changes to the defense industry could have a material impact on several of our current aerospace programs, which would adversely affect our operating results. To mitigate these risks, we have worked to expand our customer and product base to include both commercial and military markets.

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

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

The company has several significant long-term contracts either directly with the U.S. government or where it is the ultimate customer, including the Sikorsky BLACK HAWK cockpit program, the JPF program, and the Boeing C-17 and A-10 programs. These contracts are subject to unique risks, some of which are beyond our control. Examples of such risks include:

- The U.S. Government may modify, curtail or terminate its contracts and subcontracts at its convenience without prior notice, upon payment for work done and commitments made at the time of termination. Modification, curtailment or termination of our major programs or contracts could have a material adverse effect on our future results of operations and financial condition.
- Our U.S. Government business is subject to specific procurement regulations and other requirements. These requirements, although customary in U.S. Government contracts, increase our performance and compliance costs. These costs might increase in the future, reducing our margins, which could have a negative effect on our financial condition. Although we have procedures to comply with these regulations and requirements, failure to do so could lead to suspension or debarment, for cause, from U.S. Government contracting or subcontracting for a period of time and could have a negative effect on our reputation and ability to receive other U.S. Government contract awards in the future.
- The costs we incur on our U.S. Government contracts, including allocated indirect costs, may be audited by U.S. Government representatives. Any costs found to be improperly allocated to a specific contract would not be reimbursed, and such costs already reimbursed would have to be refunded. We normally negotiate with the U.S. Government representatives before settling on final adjustments to our contract costs. We have recorded contract revenues based upon results we expect to realize upon final audit. However, we do not know the outcome of any future audits and adjustments and we may be required to reduce our revenues or profits upon completion and final negotiation of these audits. Although we have instituted controls intended to assure our compliance, if any audit reveals the existence of improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the U.S. Government.
- We are from time to time subject to certain routine U.S. Government inquiries and investigations of our business practices due to our participation in government contracts. Any adverse finding associated with such an inquiry or investigation could have a material adverse effect on our results of operations and financial condition. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations – Precision Products Segment, Warranty and Contract-Related Matters, for discussion of U.S. Government inquiries and investigations.

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

The aerospace markets in which we participate are highly competitive and we often compete for work not only with large OEMs but also sometimes with our own customers and suppliers. Many of our large customers may choose not to outsource production due to, among other things, their own direct labor and overhead considerations and capacity utilization at their own facilities. This could result in these customers supplying their own products or services and competing directly with us for sales of these products or services, all of which could significantly reduce our revenues.

Our competitors may have more extensive or more specialized engineering, manufacturing and marketing capabilities than we do in some areas and we may not have the technology, cost structure, or available resources to effectively compete with them. We believe that developing and maintaining a competitive advantage will require continued investment in product development, engineering, supply chain management and sales and marketing, and we may not have enough resources to make the necessary investments to do so.

Further, our significant customers have in the past used, and may attempt in the future, to use their position to negotiate a reduction in price of a particular product regardless of the terms of an existing contract.

For these reasons, we may not be able to compete successfully in this market or against such competitors; however, our strategies for our aerospace segments should allow us to continue to effectively compete for key contracts and customers.

We could be negatively impacted by the loss of key suppliers, lack of product availability, or changes in supplier programs that could adversely affect our operating results.

Our business depends on maintaining sufficient supply of various products to meet our customers' demands. We have several long-standing relationships with key suppliers but these relationships are non-exclusive and could be terminated by either party. If we lost a key supplier, or were unable to obtain the same levels of deliveries from these suppliers and were unable to supplement those purchases with products obtained from other suppliers, it could have a material adverse effect on our business. Supply interruptions could arise from shortages of raw materials, labor disputes or weather conditions affecting suppliers' production, transportation disruptions, or other reasons beyond our control. Even if we continue with our current supplier relationships, high demand for certain products may result in us being unable to meet our customers' demands, which could put us at a competitive disadvantage. Additionally our key suppliers could also increase pricing of their products, which would negatively affect our operating results if we were not able to pass these price increases through to our customers. We engage in strategic inventory purchases during the year, negotiate long-term vendor supply agreements and monitor our inventory levels to ensure that we have the appropriate inventory on hand to meet our customers' requirements.

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

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

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

For long-term contracts, we generally recognize sales and gross margin based on the percentage-of-completion method of accounting. This method allows for revenue recognition as our work progresses on a contract.

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

- Accounting for start-up costs;
- The effect of nonrecurring work;
- Delayed contract start-up;
- Transition of work from the customer or other vendors;
- Claims or unapproved change orders;
- Product warranty issues;
- Delayed completion of certain programs for which inventory has been built up; and
- Accrual of contract losses.

Because of the significance of the judgments and estimation processes, it is likely that materially different sales and profit amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may adversely affect future financial performance. We perform quarterly reviews of our long-term contracts to address and lessen the effects of these risks.

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

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

- Assimilating operations and products may be unexpectedly difficult;
- Management's attention may be diverted from other business concerns;
- We may enter markets in which we have limited or no direct experience;
- We may lose key employees of an acquired business;
- We may not realize the value of the acquired assets relative to the price paid; and
- Despite our due diligence efforts, we may not succeed at quality control or other customer issues.

These factors could have a material adverse effect on our business, financial condition and operating results. Consideration paid for any future acquisitions could include our stock or require that we incur additional debt and contingent liabilities. As a result, future acquisitions could cause dilution of existing equity interests and earnings per share. Before we enter into any acquisition, we perform significant due diligence to ensure the potential acquisition fits with our strategic objectives. In addition, we try to have adequate resources to transition the newly acquired company efficiently.

Our results of operations could be adversely affected by impairment of our goodwill or other intangible assets.

When we acquire a business, we record goodwill equal to the excess of the amount we pay for the business, including liabilities assumed, over the fair value of the tangible and intangible assets of the business we acquire. The Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets", which provides that goodwill and other intangible assets that have indefinite useful lives must be tested at least annually for impairment. SFAS 142 also provides specific guidance for testing goodwill and other non-amortized intangible assets for impairment. SFAS 142 requires management to make certain estimates and assumptions when allocating goodwill to reporting units and determining the fair value of reporting unit net assets and liabilities, including, among other things, an assessment of market conditions, projected cash flows, investment rates, cost of capital and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. Fair value is generally determined using a combination of the discounted cash flow, market multiple and market capitalization valuation approaches. Absent any impairment indicators, we generally perform our impairment tests annually as of December 31, using initial annual forecast information. Impairments, if any, are recognized as operating expenses.

If at any time we determine an impairment has occurred, we are required to reflect the reduction in value as an expense within operating income, resulting in a reduction of earnings in the period such impairment is identified and a corresponding reduction in our net asset value.

During the second quarter of 2008, our Aerostructures Wichita, Kansas facility continued to experience production and quality issues, which, along with circumstances unique to each contract, resulted in the separate termination of two long-term contracts with Spirit AeroSystems and Shenyang Aircraft Corporation. These contracts, which represented significant work for the facility, were both loss contracts. In accordance with SFAS 142, we test goodwill for potential impairment annually as of December 31 and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Due to the loss of the two major contracts as well as the continuing production and quality issues, management performed a goodwill impairment analysis for this reporting unit as of June 27, 2008. Based upon the results of our analysis, we recorded an impairment charge of \$7.8 million and eliminated the Aerostructures goodwill from our balance sheet as of the end of the second quarter of 2008.

Although we have made significant progress on the JPF fuze program, we performed a similar interim analysis, as of June 27, 2008, with respect to the goodwill recorded in connection with the acquisition of KPP Orlando. This facility has experienced a variety of design and production issues associated with the JPF fuze program, which is forecasted to be its principal source of revenues and earnings in the near term, and that has led to increased inventory levels. Based upon the results of that analysis and the annual analysis performed during the fourth quarter of 2008, we have concluded the goodwill recorded for KPP Orlando has not been impaired. We will continue to monitor this facility's performance in the future.

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

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

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

Our financial results may be affected by the outcome of legal proceedings and other contingencies that cannot be predicted. In accordance with generally accepted accounting principles, if a liability is deemed probable and reasonably estimable in light of the facts and circumstances known to us at a particular point in time, we will make an estimate of material loss contingencies and establish reserves based on our assessment. Subsequent developments in legal proceedings may affect our assessment. The estimates of a loss contingency recorded in our financial statements could adversely affect our results of operations in the period in which a liability would be recognized. This could also have an adverse impact on our cash flows in the period during which damages would be paid. As of December 31, 2008, we do not have any loss accrual recorded with respect to current litigation matters, as we do not believe that we have met the criteria to establish such a liability.

We have entered into a Deed of Settlement with the Commonwealth of Australia, which terminates the Australia SH-2G (A) program with a mutual release of claims.

Our agreement to accept the return of the aircraft and other inventory is subject to a variety of risks and uncertainties including but not limited to:

- Proper valuation of the inventory;
- The potential absence of a market for the aircraft and spare parts;
- Risk of the inventory becoming obsolete over time resulting in the company recording a lower of cost or market adjustment;
- The additional costs that may be necessary to store, maintain and track the inventory; and
- The obligation to make payments to the Commonwealth of Australia in the future, regardless of aircraft sales.

We believe there is market potential for these aircraft and we have already begun to actively market them to interested potential customers.

The cost and effort to start up new programs could negatively impact our current operating results and profits.

In recent years, we have been ramping up several new programs as more fully discussed in Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations, in this Form 10-K. The time required and cost incurred to ramp up a new program can be significant and includes nonrecurring costs for tooling, first article testing, finalizing drawings and engineering specifications and hiring new employees able to perform the technical work required. New programs can typically involve greater volume of scrap, higher costs due to inefficiencies, delays in production, and learning curves that are more extended than anticipated, all of which can impact current period results. We have been working with our customers and leveraging our years of experience to effectively ramp up these new programs.

We rely upon development of national account relationships for growth in our Industrial Distribution segment.

Over the past several years, more companies have begun to consolidate their purchases of industrial products, resulting in their doing business with only a few major distributors rather than a large number of vendors. Through our national accounts strategy we have worked hard to develop the relationships necessary to be one of those major suppliers. Competition relative to these types of arrangements is significant. If we are not awarded additional national accounts in the future, or if existing national account agreements are not renewed, our sales volume could be negatively impacted which may result in lower gross margins and weaker operating results. Additionally, national accounts typically require an increased level of customer service as well as investments in the form of opening of new branches to meet our customers' needs. The cost and time associated with these activities could be significant and if the relationship is not maintained, we could ultimately not make a return on these investments. One of our key strategies has been to increase our national account presence. Thus far, we have been successful with our strategy with the addition of several new large national accounts since late 2006. We will continue to focus on this endeavor through 2009 and beyond.

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

We have experienced, and may in the future experience, significant fluctuations in our quarterly operating results that may be caused by many factors. These factors include but are not limited to:

- Changes in demand for our products;
- Introduction, enhancement or announcement of products by us or our competitors;
- Market acceptance of our new products;
- The growth rates of certain market segments in which we compete;
- Size, timing and shipment terms of significant orders;
- Budgeting cycles of customers;
- Mix of distribution channels;
- Mix of products and services sold;
- Mix of domestic and international revenues;
- Fluctuations in currency exchange rates;
- Changes in the level of operating expenses;
- Changes in our sales incentive plans;
- Inventory obsolescence;
- Accrual of contract losses;
- Fluctuations in oil and utility costs;
- Completion or announcement of acquisitions by us; and
- General economic conditions in regions in which we conduct business.

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

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

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

- Longer payment cycles;
- Greater difficulties in accounts receivable collection;
- Unexpected changes in regulatory requirements;
- Export restrictions, tariffs and other trade barriers;
- Difficulties in staffing and managing foreign operations;
- Seasonal reductions in business activity during the summer months in Europe and certain other parts of the world;
- Economic instability in emerging markets;
- Potentially adverse tax consequences; and
- Cultural and legal differences in the conduct of business.

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

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking information relating to the company's business and prospects, including the Aerospace and Industrial Distribution businesses, operating cash flow, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Those uncertainties include, but are not limited to: 1) the successful conclusion of competitions for government programs and thereafter contract negotiations with government authorities, both foreign and domestic; 2) political conditions in countries where the company does or intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) domestic and foreign economic and competitive conditions in markets served by the company, particularly the defense, commercial aviation and industrial production markets; 5) risks associated with successful implementation and ramp up of significant new programs; 6) management's success in resolving operational issues at the Aerostructures Wichita facility, including successful negotiation of the Sikorsky Canadian MH-92 program; 7) successful resale of the aircraft, equipment and spare parts obtained in connection with the Australia SH-2G (A) program termination; 8) receipt and successful execution of production orders for the JPF U.S. government contract, including the exercise of all contract options, successful negotiation of price increases with the U.S. government, and receipt of orders from allied militaries, as all have been assumed in connection with goodwill impairment evaluations; 9) satisfactory resolution of the company's litigation with the U.S. Army procurement agency relating to the FMU-143 program; 10) continued support of the existing K-MAX helicopter fleet, including sale of existing K-MAX spare parts inventory; 11) cost growth in connection with environmental remediation activities at the Bloomfield, Moosup and New Hartford, CT facilities and our recently acquired Brookhouse facilities; 12) profitable integration of acquired businesses into the company's operations; 13) changes in supplier sales or vendor incentive policies; 14) the effects of price increases or decreases; 15) pension plan assumptions and future contributions; 16) future levels of indebtedness and capital expenditures; 17) continued availability of raw materials and other commodities in adequate supplies and the effect of increased costs therefor; 18) the effects of currency exchange rates and foreign competition on future operations; 19) changes in laws and regulations, taxes, interest rates, inflation rates, general business conditions and other factors; 20) future repurchases and/or issuances of common stock; and 21) other risks and uncertainties set forth in the company's annual, quarterly and current reports, and proxy statements. Any forward-looking information provided in this report should be considered with these factors in mind. The company assumes no obligation to update any forward-looking statements contained in this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our facilities are generally suitable for, and adequate to serve, their intended uses. At December 31, 2008, our business segments occupied major facilities at the following principal locations:

Segment	Location	Property Type
Aerostructures	Jacksonville, Florida; Wichita, Kansas; Darwen, Lancashire, United Kingdom; Hyde, Greater Manchester, United Kingdom	Manufacturing & Office
Precision Products	Middletown, Connecticut; Orlando, Florida; Tuscon, Arizona	Manufacturing & Office
Helicopters	Bloomfield, Connecticut	Manufacturing, Office & Service Center
Specialty Bearings	Bloomfield, Connecticut; Dachsbad, Germany	Manufacturing & Office
Industrial Distribution (1)	Windsor, Connecticut; Ontario, California; Albany, New York; Savannah, Georgia; Salt Lake City, Utah; Louisville, Kentucky; Gurabo, Puerto Rico; Mexico City, Mexico; British Columbia, Canada	Distribution Centers & Office
Corporate	Bloomfield, Connecticut	Office
Square Feet		Total
Aerostructures segment		622,105
Precision Products segment		331,079
Helicopters segment		425,933
Specialty Bearings segment		201,481
Subtotal Aerospace Segments		1,580,598
Industrial Distribution segment		1,660,166
Corporate (2, 3)		619,556
Total		3,860,320

- (1) Branches for the Industrial Distribution segment are located across the United States, Puerto Rico, Canada and Mexico.
- (2) We occupy a 40 thousand square foot corporate headquarters building in Bloomfield, Connecticut and own another 76 thousand square foot mixed use building that is currently leased to Fender in connection with their acquisition of the Music segment on December 31, 2007. The maximum lease term is 2 years from the date of acquisition.
- (3) Approximately 500 thousand square feet of space included in the corporate square footage is attributable to a facility located in Moosup, Connecticut, that was closed in 2003 and is being held for disposition.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the company is subject to various claims and suits arising out of the ordinary course of business, including commercial, employment and environmental matters. We do not expect that the resolution of these matters would have a material adverse effect on our consolidated financial position. Although not material, certain legal proceedings that relate to specific segments of our company are discussed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Note 18, Commitments and Contingencies, of the Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. Other legal proceedings or enforcement actions relating to environmental matters, if any, are discussed in the section of Item 1 entitled Compliance with Environmental Protection Laws.

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

There were no matters submitted to a vote of security holders during the fourth quarter of 2008.

PART II

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

MARKET, DIVIDEND AND SHAREHOLDER INFORMATION

Our Common Stock is traded on the NASDAQ Global Market under the symbol "KAMN". As of January 30, 2009, there were 4,106 registered holders of our Common Stock. Holders of the company's Common Stock are eligible to participate in the Mellon Investor Services Program administered by Mellon Bank, N.A. The program offers a variety of services including dividend reinvestment. A booklet describing the program may be obtained by contacting Mellon at (800) 227-0291 or via the web at www.melloninvestor.com.

The following table sets forth the high, low and closing sale prices per share of the Company's Common Stock on the NASDAQ Global Market and the dividends declared for the periods indicated:

	NASDAQ Market Quotations (1)			Dividend Declared
	High	Low	Close	
2008				
First	\$ 38.56	\$ 22.08	\$ 28.55	\$ 0.140
Second	30.12	22.75	22.87	0.140
Third	33.88	21.15	29.96	0.140
Fourth	29.95	16.48	18.13	0.140
2007				
First	\$ 24.41	\$ 21.38	\$ 23.31	\$ 0.125
Second	32.59	22.89	31.19	0.125
Third	37.64	29.54	34.56	0.140
Fourth	39.31	30.08	36.81	0.140

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

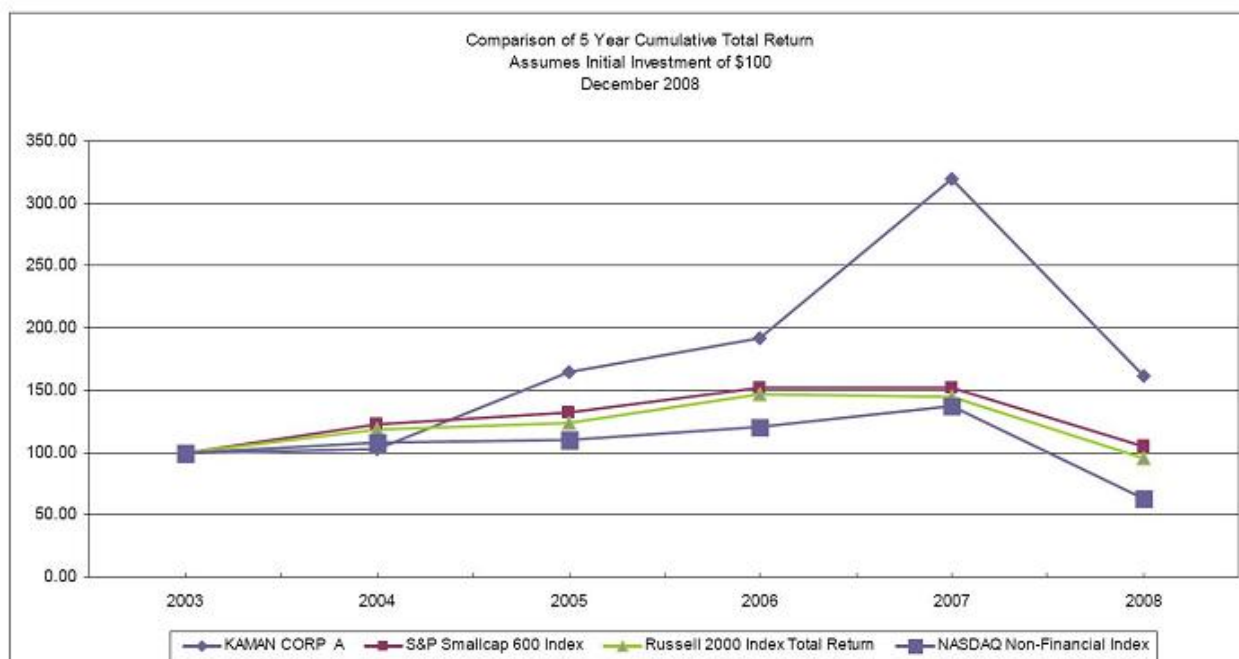
ISSUER PURCHASES OF EQUITY SECURITIES

In November 2000, our board of directors approved a replenishment of the company's stock repurchase program providing for repurchase of an aggregate of 1.4 million shares of Common Stock for use in the administration of our stock plans and for general corporate purposes. The following table provides information about purchases of Common Stock by the company during the three months ended December 31, 2008:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Maximum Number of Shares That May Yet Be Purchased Under the Plan
September 27, 2008 - October 24, 2008	-	\$ -	-	1,130,389
October 25, 2008 - November 21, 2008	-	-	-	1,130,389
November 22, 2008 - December 31, 2008	-	-	-	1,130,389
Total	-		-	

PERFORMANCE GRAPH

Following is a comparison of our total shareholder return for the period 2003 – 2008 compared to the S&P 600 Small Cap Index, the Russell 2000 Small Cap Index, and the NASDAQ Non-Financial Composite Index. The performance graph does not include a published industry or line-of-business index or peer group of similar issuers because during the performance period the Company was conducting operations in diverse lines of business and we do not believe a meaningful industry index or peer group can be reasonably identified. Accordingly, as permitted by regulation, the graph includes the S&P 600 Small Cap Index, the Russell 2000 Small Cap Index, both of which are comprised of issuers with generally similar market capitalizations to that of the company, and the NASDAQ Non-Financial index calculated by the exchange on which company shares are traded.



	2003	2004	2005	2006	2007	2008
Kaman	100.0	102.8	164.4	191.4	320.0	161.5
S&P 600	100.0	122.7	132.1	152.0	151.6	104.5
Russell 2000	100.0	118.3	123.7	146.4	144.2	95.4
NASDAQ Non-Financial	100.0	107.8	110.3	120.9	137.2	62.8

ITEM 6. SELECTED FINANCIAL DATA
FIVE-YEAR SELECTED FINANCIAL DATA

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

	2008 ¹	2007 ^{2,7}	2006 ²	2005 ^{2,3,4,5}	2004 ^{2,6}
OPERATIONS					
Net sales from continuing operations	\$ 1,253,595	\$ 1,086,031	\$ 991,422	\$ 909,878	\$ 834,191
Net gain (loss) on sale of product lines and other assets	221	2,579	(52)	(27)	199
Operating income (loss) from continuing operations	65,266	64,728	47,822	19,741	(23,615)
Earnings (loss) before income taxes from continuing operations	59,166	57,527	40,660	15,817	(28,225)
Income tax benefit (expense)	(24,059)	(21,036)	(16,017)	(10,743)	9,599
Net earnings (loss) from continuing operations	35,107	36,491	24,643	5,074	(18,626)
Net earnings from discontinued operations, net of taxes	-	7,890	7,143	7,954	6,804
Gain on disposal of discontinued operations, net of taxes	492	11,538	-	-	-
Net earnings (loss)	\$ 35,599	\$ 55,919	\$ 31,786	\$ 13,028	\$ (11,822)
FINANCIAL POSITION					
Current assets	\$ 486,516	\$ 491,629	\$ 513,231	\$ 496,403	\$ 468,406
Current liabilities	178,539	182,631	199,126	223,722	226,297
Working capital	307,977	308,998	314,105	272,681	242,109
Property, plant and equipment, net	79,476	53,645	49,954	46,895	46,538
Total assets	762,613	634,863	630,413	598,497	562,331
Long-term debt	87,924	11,194	72,872	62,235	18,522
Shareholders' equity	274,271	394,526	296,561	269,754	284,170
PER SHARE AMOUNTS					
Net earnings (loss) per share – basic from continuing operations	1.39	1.50	1.02	0.22	(0.82)
Net earnings (loss) per share – basic from discontinued operations	-	0.32	0.30	0.35	0.30
Net earnings (loss) per share – basic from disposal of discontinued operations	0.02	0.47	-	-	-
Net earnings (loss) per share – basic	\$ 1.41	\$ 2.29	\$ 1.32	\$ 0.57	\$ (0.52)
Net earnings (loss) per share – diluted from continuing operations	1.38	1.46	1.01	0.22	(0.82)
Net earnings (loss) per share – diluted from discontinued operations	-	0.31	0.29	0.35	0.30
Net earnings (loss) per share – diluted from disposal of discontinued operations	0.02	0.46	-	-	-
Net earnings (loss) per share – diluted	\$ 1.40	\$ 2.23	\$ 1.30	\$ 0.57	\$ (0.52)
Dividends declared	0.560	0.530	0.500	0.485	0.440
Shareholders' equity	10.77	15.69	12.28	11.28	12.48
Market price range – High	38.56	39.31	25.69	24.48	15.49
Market price range – Low	16.48	21.38	15.52	10.95	10.71
AVERAGE SHARES OUTSTANDING					
Basic	25,228	24,375	24,036	23,038	22,700
Diluted	25,512	25,261	24,869	23,969	22,700
GENERAL STATISTICS					
Registered shareholders	4,107	4,186	4,468	4,779	5,192
Employees	4,294	3,618	3,906	3,712	3,581

(Footnotes on Following Page)

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

1. Results for 2008 include \$7,810 in non-cash expense related to the impairment of the goodwill balance related to our Aerostructures Wichita facility, \$2,527 related to the write-off of tooling costs at our Aerostructures Wichita facility and \$1,587 of expense related to the cancellation of foreign currency hedge contracts originally assumed in connection with the acquisition of Brookhouse.
2. Results for 2007, 2006, 2005 and 2004 include charges for the Australian SH-2G(A) helicopter program of \$6,413, \$9,701, \$16,810 and \$5,474, respectively. There were no such charges recorded in 2008.
3. Results for 2005 include \$8,265 of expense for the company's stock appreciation rights, \$3,339 for legal and financial advisory fees associated with the recapitalization and \$6,754 recovery of previously written off amounts for MD Helicopters, Inc. (MDHI).
4. The effective tax rate for 2005 was 67.9 percent, which was high principally due to the non-deductibility of expenses associated with stock appreciation rights and the company's recapitalization.
5. Average shares outstanding increased principally due to the completion of the recapitalization in November 2005.
6. Results for 2004 include the following adjustments: \$20,083 (including \$18,211 negative sales adjustments and \$1,872 increase in bad debt reserve) related to the company's investment in MDHI programs; \$7,086 non-cash adjustment for the Boeing Harbour Pointe program; \$3,507 warranty reserve for two product warranty related issues and \$3,471 non-cash adjustment related to the EODC/University of Arizona contract litigation.
7. The company sold Kaman Music Corporation on December 31, 2007, which resulted in a pre-tax gain on disposal of discontinued operations of \$18,065, and the Precision Products segment's 40mm product line assets, which resulted in a pre-tax gain of \$2,570.

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

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

MANAGEMENT OVERVIEW

During the past year our company has experienced a variety of significant developments, most notably several changes in senior leadership. Neal J. Keating has completed his first year of service as our Chief Executive Officer; Gregory L. Steiner was appointed President of Kaman Aerospace Group and given responsibility for the management of all aerospace operations; and, most recently, William C. Denninger assumed the role of Senior Vice President and Chief Financial Officer following the retirement of Robert M. Garneau. From an organizational perspective, recent acquisitions (including the acquisition of Brookhouse, the largest in our history) and the settlement of our SH-2G helicopter contract with the Royal Australian Navy have had a noticeable impact on our business.

Since his arrival, Mr. Steiner has established a senior level administrative team focused exclusively on our aerospace business. We continue to explore other opportunities to realign the operations of our Aerospace business in order to better leverage our investments, enhance our overall profitability, and better position ourselves to achieve our goal of sustainable growth in the evolving aerospace market. We believe that by aligning the Aerospace operations for growth and efficiency and eliminating organizational redundancies we will be able to improve our market focus and execute our strategies more successfully.

These changes have caused us to undertake an evaluation of our organizational and business structures, taking into consideration various internal and external developments over the past year. We are also evaluating the nature of the financial data being reviewed by senior corporate management. This has led us to consider, among other things, the level of detail and volume of such information, as well as the advantages to be gained by allocating corporate costs to each of our reporting segments. These ongoing studies may lead to actions being taken that could result in a change to our segment reporting information during 2009.

OVERVIEW OF BUSINESS

Kaman Corporation is composed of five business segments:

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

The following is a summary of key events that occurred in 2008:

- Our net sales from continuing operations increased 15.4% in 2008 compared to 2007.
- Our net earnings from continuing operations decreased 3.8% in 2008 compared to 2007.
- Diluted earnings per share from continuing operations declined to \$1.38 in 2008, a decrease of 5.5% compared to 2007.
- Neal J. Keating became Chief Executive Officer on January 1, 2008 and Chairman on March 1, 2008.
- Gregory L. Steiner was appointed President of our Aerospace Group on July 7, 2008. He has responsibility for all four of our aerospace reporting segments.
- William C. Denninger was appointed Senior Vice President and Chief Financial Officer on December 1, 2008.
- The Industrial Distribution and Specialty Bearings segments experienced strong growth in sales and operating profit.
- Our Helicopters segment reached an agreement with the Commonwealth of Australia that terminated the SH-2G(A) Super Seasprite program, with a mutual release of claims.
- On June 12, 2008, we acquired Brookhouse Holdings, Limited (Brookhouse), a leader in the design and manufacture of composite aerostructures, aerospace tooling, and repair and overhaul services based in Darwen, Lancashire, United Kingdom.
- In 2008, our Industrial Distribution segment completed the acquisitions of Industrial Supply Corp. (ISC) of Richmond, Virginia and Industrial Rubber & Mechanics, Incorporated (INRUMEC) of Puerto Rico.
- We signed a contract with Boeing for the Air Force's A-10 re-wing program, with a potential sales value of approximately \$100 million.
- In August 2008, we completed the purchase of the portion of the Bloomfield campus that Kaman Aerospace Corporation (of which the Helicopters segment forms a part) had leased from NAVAIR for many years.
- On October 29, 2008, we entered into a 4-year Term Loan Credit Agreement with various banks for \$50 million.

RESULTS OF CONTINUING OPERATIONS

Consolidated Results

Net Sales

	2008	2007	2006
	(in thousands)		
Aerostructures	\$ 147,641	\$ 102,362	\$ 78,742
Precision Products	118,009	87,455	71,068
Helicopters	69,435	72,031	69,914
Specialty Bearings	141,540	124,009	106,278
Subtotal Aerospace Segments	\$ 476,625	\$ 385,857	\$ 326,002
Industrial Distribution	776,970	700,174	665,420
Total	\$ 1,253,595	\$ 1,086,031	\$ 991,422
\$ change	\$ 167,564	\$ 94,609	\$ 81,544
% change	15.4%	9.5%	9.0%

The increase in net sales for 2008 compared to 2007 was attributable to organic growth in all reporting segments except the Helicopters segment, as well as acquisitions in the Aerostructures and Industrial Distribution segments. In the aerospace businesses net sales increased due to the acquisition of Brookhouse, as well as organic sales growth resulting mainly from increased shipments for the Sikorsky BLACKHAWK helicopter cockpit program and the JPF fuze program. In the Industrial Distribution segment, sales to several new large national accounts, as well as the acquisition of ISC and INRUMEC, contributed to the increase for 2008 compared to 2007.

The growth in consolidated net sales for 2007 compared to 2006 was primarily due to increased shipments on several key product lines in our Aerostructures, Precision Products and Specialty Bearing segments, which were driven by the strong commercial and military aerospace markets. Our Industrial Distribution segment experienced sales growth during 2007 as a result of several new national accounts and continued strength in the Central and West regions.

Gross Profit

	2008	2007	2006
	(in thousands)		
Gross Profit	\$ 332,137	\$ 300,945	\$ 271,423
\$ change	31,192	29,522	39,972
% change	10.4%	10.9%	17.3%
% of net sales	26.5%	27.7%	27.4%

Gross profit for 2008 increased primarily due to the increased sales volume at the Industrial Distribution and Specialty Bearings segments and the absence of Australia SH-2G(A) program charges, which amounted to \$6.4 million in 2007. These positive results were partially offset by a less favorable product mix for the Precision Products segment and the charges, excluding goodwill, recorded by the Aerostructures segment, as discussed more fully below. Gross profit as a percentage of sales (gross margin) decreased due to the aforementioned product mix changes at our Precision Products segment and the impact of the charges recorded at the Aerostructures Wichita facility.

The increase in the consolidated gross profit for 2007 was primarily attributable to sales growth in the Industrial Distribution and Specialty Bearings segments. In addition, the accrued contract loss charge related to additional anticipated cost growth on our Helicopters segment's Australia program was \$3.3 million less in 2007 as compared to 2006. Gross profit as a percentage of sales (gross margin) improved slightly due to higher sales volume, increased efficiencies and a growing business base at all of our aerospace reporting segments.

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

	2008	2007	2006
	(in thousands)		
S,G&A	\$ 259,282	\$ 238,796	\$ 223,549
\$ change	20,486	15,247	11,866
% change	8.6%	6.8%	5.6%
% of net sales	20.7%	22.0%	22.5%

The increase in S,G&A for 2008 compared to 2007 is primarily due to the three acquisitions made during 2008, increases related to higher personnel costs across most of the reporting segments as well as increased bid and proposal activity in the aerospace segments. These increases were partially offset by lower expenses related to fringe benefits, incentive compensation and stock appreciation rights.

The increase in S,G&A for 2007 compared to 2006 was primarily driven by our Industrial Distribution segment and Corporate expenses. Our Industrial Distribution segment experienced higher operating expenses due to additional costs incurred for new branch openings and overall increased personnel costs. Corporate expense increased primarily as a result of an increase in stock compensation expense and higher group insurance expense. Total selling, general and administrative expenses as a percent of net sales decreased 0.5 percentage points in 2007 compared to 2006. This was primarily due to greater sales volume as well as continued cost control efforts.

Goodwill Impairment

During the second quarter of 2008, our Aerostructures Wichita, Kansas facility continued to experience production and quality issues, which, along with circumstances unique to each contract, resulted in the separate termination of two long-term contracts with Spirit AeroSystems and Shenyang Aircraft Corporation. These contracts, which represented significant work for the facility, were both loss contracts. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), we test goodwill for potential impairment annually as of December 31 and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Due to the loss of the two major contracts as well as the continuing production and quality issues, management performed a goodwill impairment analysis for this reporting unit as of June 27, 2008.

Although we believe we are working through the production issues at our Aerostructures Wichita facility, its carrying value had increased significantly during the second quarter of 2008. This, combined with our loss of two long-term contracts and the quality and production issues at the facility, created a situation in which the estimated fair value of this reporting unit (the legal entity Plastic Fabricating Company, Inc.) was less than its carrying value. The resulting total non-cash goodwill impairment charge was \$7.8 million, which represented the entire goodwill balance for this reporting unit prior to the charge. This charge is not deductible for tax purposes and represents a discrete item in our second quarter 2008 effective tax rate.

Operating Income

	2008	2007	2006
	(in thousands)		
Operating Income	\$ 65,266	\$ 64,728	\$ 47,822
\$ change	538	16,906	28,081
% change	0.8%	35.4%	142.2%
% of net sales	5.2%	6.0%	4.8%

The increase in operating income in 2008 compared to 2007 was due to increases in operating income at our Specialty Bearings, Helicopters and Industrial Distribution segments and a decrease in Corporate expenses. These changes were partially offset by lower operating income at our Aerostructures and Precision Products segments. The increase in operating income at our Specialty Bearings, Helicopters and Industrial Distribution segments was primarily a result of program developments and national accounts, as discussed further in the segment sections below, as well as the absence of \$6.4 million in charges related to the Australia SH-2G(A) program recorded in 2007. Please refer to the individual segment discussions for details on their operating income.

The increase in operating income for 2007 was primarily attributable to stronger operating results in all of our reporting segments within the aerospace industry as further discussed in the following sections. Our Industrial Distribution segment's operating income was lower in 2007 compared to 2006 partially as a result of a variety of expenses incurred for start-up costs relative to several new national account contracts.

Loss on Ineffective Hedge Contracts

In connection with the acquisition of Brookhouse, we assumed two foreign currency hedge contracts originally intended to hedge forecasted cash flows on a significant U.S. dollar denominated contract. During the third quarter of 2008, we determined these hedges were ineffective, due to a significant shift in the timing of the forecasted cash flows. Therefore, we cancelled the contracts during the third quarter, resulting in a loss of \$1.6 million being included in non-operating income in our consolidated statements of operations.

Interest Expense, Net

Net interest expense generally consists of interest charged on the revolving credit facility and other borrowings offset by interest income. Net interest expense for 2008 was \$3.0 million as compared to \$6.3 million in 2007. The decrease in net interest expense was primarily due to the repayment of a significant portion of our revolving credit line as of December 31, 2007, using the proceeds from the sale of the Music segment, as well as the redemption of all outstanding convertible debentures in late 2007. In the second quarter of 2008, we borrowed against our revolving credit line again to fund working capital requirements and the Brookhouse acquisition.

Net interest expense for 2007 remained relatively flat compared to 2006 primarily due to there having been a similar level of borrowings during 2007 as compared to 2006. Net interest expense in both years generally consisted of interest charged on the revolving credit facility and the convertible debentures offset by interest income.

Effective Income Tax Rate

	2008	2007	2006
Effective income tax rate	40.7%	36.6%	39.4%

The effective tax rate represents the combined federal, state and foreign tax effects attributable to pretax earnings for the year. The increase in the effective tax rate for 2008 compared to 2007 is due to the non-cash goodwill impairment charge of \$7.8 million recorded in the second quarter of 2008 for our Aerostructures Wichita facility.

The 2007 effective tax rate was favorably impacted by one-time adjustments resulting from tax law changes in the U.S., as well as internationally, as compared to 2006.

Other Matters

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

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

In August 2008, we completed the purchase of the portion of the Bloomfield campus that Kaman Aerospace Corporation (of which the Helicopters segment forms a part) had leased from NAVAIR for many years. In connection with the purchase, we have assumed responsibility for environmental remediation at the facility as may be required under the Connecticut Transfer Act (the "Transfer Act") and we continue the effort to define the scope of the remediation that will be required by the CTDEP. The transaction was recorded by taking the undiscounted remediation liability of \$20,768 and discounting it at a rate of 8% to its present value. The fair value of the Navy Property asset, which approximates the discounted present value of the assumed environmental liability of \$10,258, has been included in Property, Plant and Equipment as of December 31, 2008. This remediation process will take many years to complete.

We have accrued \$2.4 million for environmental compliance at our recently acquired Brookhouse facilities. We are in the early stages of assessing the work that may be required, which may result in a change to this accrual.

Combined Aerospace Segment Results

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

	2008	2007	2006
Net sales:			
Aerostructures	\$ 147,641	\$ 102,362	\$ 78,742
Precision Products	118,009	87,455	71,068
Helicopters	69,435	72,031	69,914
Specialty Bearings	141,540	124,009	106,278
Total Aerospace segments	<u>\$ 476,625</u>	<u>\$ 385,857</u>	<u>\$ 326,002</u>
\$ change	90,768	59,855	38,057
% change	23.5%	18.4%	13.2%
Operating (loss) income:			
Aerostructures	\$ (5,925)	\$ 13,219	\$ 11,538
Precision Products	7,299	10,546	7,750
Helicopters	10,066	2,631	222
Specialty Bearings	50,168	41,387	28,630
Total Aerospace segments	<u>\$ 61,608</u>	<u>\$ 67,783</u>	<u>\$ 48,140</u>
\$ change	(6,175)	19,643	14,855
% change	-9.1%	40.8%	44.6%

The Market

Both the commercial and military aerospace markets remained strong during most of 2008. We believe this positive trend will continue for the military aerospace markets in 2009; however, as a result of the downturn in the global economy, we do not foresee the commercial aerospace market continuing to perform at its 2008 levels. We believe the effect of the downturn in the commercial aerospace market will be somewhat mitigated by our existing military work.

Strategies

Kaman's strategies for the Aerospace segments are:

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

Aerostructures Segment

	2008	2007	2006
	(in thousands)		
Net Sales	\$ 147,641	\$ 102,362	\$ 78,742
\$ change	45,279	23,620	23,759
% change	44.2%	30.0%	43.2%
Operating (Loss) Income	\$ (5,925)	\$ 13,219	\$ 11,538
\$ change	(19,144)	1,681	7,763
% change	-144.8%	14.6%	205.6%
% of net sales	-4.0%	12.9%	14.7%
Backlog on contract	\$ 260,771	\$ 130,598	\$ 84,178

The growth in net sales for 2008 compared to 2007 was partially attributable to \$32.3 million of sales by Brookhouse, which was acquired in mid-June 2008. The remainder of the sales growth was due to higher production levels for the Sikorsky BLACK HAWK helicopter program at our Jacksonville facility, offset partially by a decrease in sales at the Aerostructures Wichita facility due to the production and operational issues discussed below. During 2008, the segment delivered 125 cockpits under the BLACKHAWK helicopter program compared to 86 cockpits delivered in 2007. The segment's 2008 operating income was significantly impacted by charges of \$13.0 million related to goodwill impairment and the write-off of inventory and tooling costs at the Aerostructures Wichita facility.

The growth in net sales in 2007 compared to 2006 was primarily due to higher production levels and increased shipments to Sikorsky for the BLACK HAWK helicopter program. During 2007, we delivered 30 more cockpits than in 2006. Additional Sikorsky offload work, Boeing 777 shipments and other Boeing commercial work also contributed to the increase in sales in 2007. Operating income increased primarily as a result of greater sales volume for the Sikorsky BLACK HAWK program. These positive operating results were offset partially by certain adverse adjustments resulting from a rapid increase in manpower, production inefficiencies and excess inventory experienced at the Aerostructures Wichita facility during the ramp up of several programs discussed below.

Major Programs

The Sikorsky BLACK HAWK helicopter cockpit program includes the installation of all wiring harnesses, hydraulic assemblies, control pedals and sticks, seat tracks, pneumatic lines, and the composite structure that holds the windscreen for cockpits on most models of the BLACK HAWK helicopter. In June 2008, Sikorsky placed an order for an additional 238 cockpits bringing total orders placed to date to 549 cockpits. The total potential value of this program is at least \$250 million, with deliveries on current orders continuing through 2010. Through December 31, 2008, a total of 283 cockpits had been delivered under this contract.

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

The production of structural wing subassemblies for the Boeing C-17 continues to be important in maintaining a sufficient business base at the Jacksonville facility and will remain so until work under the A-10 program ramps up in 2010. During 2008, we received an order for an additional 30 shipsets, which will extend production under this program through 2010. Additionally, in late 2007 we signed a seven-year follow-on contract with Boeing for the production of fixed wing trailing edge assemblies for the Boeing 777 and 767 aircraft. Shipments under this program were delayed during the second half of the year, due to the International Association of Machinists (IAM) strike at the Boeing Company. Although Boeing was successful in reaching an agreement with the striking machinists, shipments remained behind schedule during the fourth quarter of 2008.

At Aerostructures Wichita, we continue our efforts to implement corrective actions to resolve personnel, quality and production process issues. These issues arose in connection with the facility's rapid expansion to accommodate the ramp up for three contracts awarded in 2006, Spirit AeroSystems and Shenyang Aircraft Corporation for the Boeing 787 Dreamliner program and Sikorsky Aircraft Corporation for the Canadian MH-92 helicopter program. During 2008, Aerostructures Wichita's lack of certification status for a large portion of the year adversely affected our ability to fully perform our obligations under certain contracts. These circumstances, combined with other factors affecting specific programs, resulted in the termination of two of the contracts awarded in 2006. We received a notice from Spirit AeroSystems in June 2008 seeking a default termination of its contract. Management has cooperated with Spirit to achieve the customer's production objectives while reserving our legal rights with respect to the

appropriateness of the contract termination. In addition, in July 2008 the Shenyang contract was terminated under a mutually satisfactory arrangement that essentially waives all potential claims other than warranty items, if any. This arrangement also provides compensation to Aerostructures Wichita for its tooling, which was transferred directly to Boeing. Although both of these terminated programs were loss contracts, they were considered significant to the overall operating results of Aerostructures Wichita.

In addition to the loss of the two contracts, operating issues have led to an increase in inventories due to delays in shipments, higher obsolete inventory, continued inefficiencies in the production process, excess costs to perform additional quality procedures, and an insufficient business base to maintain our overhead structure at Aerostructures Wichita.

Despite these issues, Aerostructures Wichita is making progress on the tail rotor pylon program for Sikorsky's Canadian MH-92 helicopter program. Final assembly for this program is now being performed at the Jacksonville facility. This program has undergone numerous design changes directed by the customer, which have caused costs on this program to grow substantially, and they have reached the point where they exceed the proposed price for the contract. At December 31, 2008, negotiation of this contract has not been finalized. Management believes these incremental costs are recoverable from the customer and that the upcoming contract negotiations will yield an acceptable overall price.

We believe Aerostructures Wichita is an important component of our strategy. The facility, which is in a key location, provides skilled capability in the composites industry. In addition, this facility has a structure that should allow us to become increasingly competitive as we work through our operational issues. During 2008, management responsibility for Aerostructures Wichita was consolidated with the management team at our Jacksonville facility in order to share operational knowledge. We hired key personnel, including the appointment of Gregory L. Steiner as President of our Aerospace Group. The customer who had put the facility on "probation" in the first quarter of 2008 subsequently permitted our resumption of production and shipments in the third quarter; however, that customer continues to require source inspections until all aspects of the corrective actions it has identified are satisfactorily completed. We have invested significant time, resources and capital into this facility and, although there is still significant work to be done, we believe the right management team is in place to meet the challenges ahead.

Brookhouse Acquisition

Brookhouse, our U.K. based facility, was acquired in the second quarter of 2008. Brookhouse designs and manufactures composite aerostructures, aerospace tooling, and performs repair and overhaul services. This acquisition supports our overall aerospace strategy and it expands our presence on a number of additional platforms with solid growth prospects, including the Airbus A320 family, Airbus A330/340, F-35 (Joint Strike Fighter) and Eurofighter. The tooling business adds significant capability to our portfolio and further diversifies our customer base, while the after-market services business increases our capabilities in the repair and overhaul business.

Precision Products Segment

	2008	2007	2006
	(in thousands)		
Net Sales	\$ 118,009	\$ 87,455	\$ 71,068
\$ change	30,554	16,387	6,999
% change	34.9%	23.1%	10.9%
Operating Income	\$ 7,299	\$ 10,546	\$ 7,750
\$ change	(3,247)	2,796	4,649
% change	-30.8%	36.1%	149.9%
% of net sales	6.2%	12.1%	10.9%
Backlog on contract	\$ 151,552	\$ 140,872	\$ 169,742

The increase in net sales for 2008 compared to 2007 was primarily due to increased production and shipments of the JPF to the United States Government ("USG") as well as higher shipments on several legacy fuze programs. The decrease in operating income for 2008 compared to 2007 was primarily due to lower foreign military sales of the JPF fuze under the current option. The 2007 results also benefited from higher gross margins on the JPF facilitization program, which was essentially complete in early 2008, and sales of 40mm products, a product line that was sold on December 31, 2007.

The increase in sales for 2007 as compared to 2006 was primarily due to the higher volume of JPF program shipments to both U.S. and foreign militaries as well as greater shipments of 40mm products. The increase in operating income for 2007 was primarily due to the increased shipments to foreign allied militaries for the JPF program, greater sales on the JPF facilitization program as well as higher sales volume on several 40mm contracts.

Major Programs

The JPF program continues to be one of the segment's most important programs and management believes that it has significant potential for growth. The segment has been able to steadily ramp up production in 2008. The total value of JPF contracts awarded by the USG from inception of the program through December 31, 2008 is \$194.3 million. This value primarily consists of Options 1 through 5 under the original contract and various contract modifications, including a two-phase facilitization contract modification and additional foreign military sales facilitated by the USG, as well as a variety of development and engineering contracts, along with special tooling and test equipment. We expect we will continue production under the currently awarded options through 2009 and are currently working with the USG for follow-on orders.

In 2008, we achieved our desired production levels of more than 6,000 fuzes per quarter for the final three quarters of the year and were able to ship JPF fuzes to the USG in the required lot sizes. This consistent production capability will allow us to meet our future delivery requirements to the USG and increase opportunities for sales to foreign customers. Our efforts to sell the JPF to foreign allied militaries are important to the ultimate success of this program and will allow us to generate further market penetration, increase sales and improve profitability. We ship to foreign allied militaries under the USG contract as well as direct commercial sales. Typically, we cannot sell any fuzes to our foreign customers until we have met our USG requirements. To date, we have sold smaller lots of fuzes to several foreign allied militaries. The segment also has a significant amount of JPF fuze inventory that does not meet the USG's specifications. Since these fuzes meet the operational requirements of non-U.S. militaries, we are actively marketing them and have received a small number of orders. We also continue to work with the USG to negotiate further price increases, which will lead to improved profitability on this program. We believe we have made meaningful progress on this program and we continue to work to ensure its overall success.

During 2008, we continued to make progress on production improvements and enhancements of the JPF fuze system. The facilitization program has contributed to our increased production and has been another important element of our strategy to improve our quality and efficiency on the JPF program. The facilitization program provided us an opportunity to review production workflow to create greater efficiencies, qualify a second Kaman site (Middletown) for full production of JPF fuzes, and create an enhanced fuze design. The enhanced design is expected to reduce the number of technical issues so a more steady state of production can be achieved more efficiently. During the first quarter of 2009, we passed the final tests necessary to begin production of the fuze under the enhanced design. We are scheduled to begin production of the enhanced design fuzes at the Middletown facility during the first quarter of 2009 and KPP Orlando during the second quarter of 2009. We believe the value of these initiatives will be more fully realized in 2009 and beyond.

Warranty and Contract-Related Matters

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

In late 2006, the USASC informed us that it was changing its remedy under the contract from performance of warranty rework to an "equitable adjustment" of \$6.9 million to the contract price. We responded, explaining our view that we had complied with contract requirements. In June 2007, the USASC affirmed its position but rescinded its \$6.9 million demand (stating that its full costs had not yet been determined) and gave instructions for disposition of the subject fuzes, including both the impact switch and bellows motor related items, to a Navy facility and we complied with that direction. To date, USASC has not made a demand for any specific amount.

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

Helicopters Segment

	2008	2007	2006
	(in thousands)		
Net Sales	\$ 69,435	\$ 72,031	\$ 69,914
\$ change	(2,596)	2,117	(6,738)
% change	-3.6%	3.0%	-8.8%
Operating Income	\$ 10,066	\$ 2,631	\$ 222
\$ change	7,435	2,409	(1,023)
% change	282.6%	1085.1%	-82.2%
% of net sales	14.5%	3.7%	0.3%
Backlog on contract	\$ 45,416	\$ 106,269	\$ 116,028

Sales for the Helicopters segment were comprised primarily of the upgrade and maintenance program for Egypt, subcontract work for Sikorsky and MDHI and SH-2G program spare parts. The decrease in sales for 2008 compared to 2007 was primarily due to the termination of the production and service contract related to the Australian SH-2G(A) Super Seasprite program, as well as work performed for Egypt in 2007 that was not repeated during 2008 and lower SH-2 program spare parts sales. These decreases were partially offset by increased sales for Sikorsky and MDHI. Operating income increased primarily due to the absence of an accrued contract loss charge for the Australia program in 2008 as well as higher gross margins on subcontract sales. Australian program charges were \$6.4 million in 2007. The decrease in the backlog on contract is a result of the termination of the SH-2G(A) Super Seasprite program with the Commonwealth of Australia. See below for further discussion of the termination of this program.

The higher sales for our Helicopters segment during 2007 as compared to 2006 were a result of a greater volume of work on the depot level maintenance and upgrade program for the Egyptian SH-2G(E) aircraft and the Sikorsky BLACK HAWK helicopter program. The Sikorsky program involves fuselage joining and installation tasks along with various mechanical subassemblies. The increase in operating income for 2007 was primarily driven by lower charges on the Australian program during 2007 as compared to 2006 as well as increased sales volume. Total charges on the Australian program in 2006 were \$9.7 million.

Major Programs

The company and the Commonwealth of Australia entered a settlement agreement during the first quarter of 2008 that terminated the SH-2G(A) Super Seasprite program on mutually agreed terms. The agreement provided for a transfer of ownership to the company of the 11 SH-2G(A) Super Seasprite helicopters (along with spare parts and associated equipment), after which proceeds from the sale of these items would be shared on a predetermined basis. This transfer of ownership occurred on February 12, 2009 (the Transfer Date).

In connection with sharing sale proceeds, we have agreed that total payments of at least \$39.5 million (AUS) will be made to the Commonwealth regardless of sales, with at least \$26.7 million (AUS) to be paid by March 2011, and, to the extent cumulative payments have not yet reached \$39.5 million (AUS), additional payments of \$6.4 million (AUS) each in March of 2012 and 2013. During the fourth quarter of 2008, we entered into forward contracts for the purpose of hedging these required payments. These contracts cover \$36.5 million (AUS) of the \$39.5 million (AUS) in required payments and have been accounted for in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended by Statement of Financial Accounting Standards No. 137 and Statement of Financial Accounting Standards No. 138" ("SFAS 133"). See Note 6, Derivative Financial Instruments, in the Notes to Consolidated Financial Statements for further discussion.

To secure these payments, the company provided the Commonwealth with a \$39.5 million (AUS) unconditional letter of credit on the Transfer Date. This letter of credit will be reduced as such payments are made. Additionally, under the settlement agreement, the company forgave payment of approximately \$32 million in net unbilled receivables in exchange for the helicopters, spare parts and equipment, which will be recorded as inventory on the Transfer Date, at a value representing the net unbilled receivables and the

guaranteed payments, described above. Management has determined that the value of this transferred inventory exceeds the amount of the net unbilled receivables and the guaranteed payments. We do not currently expect the transfer to have a material impact on our statement of operations. The termination of the contract, combined with the return of inventory, will result in our inability to claim look-back interest from the IRS, previously expected to exceed \$6 million pretax. Additionally, sales relative to the service center, which had been a meaningful portion of Helicopters segment net sales in recent years, ended at the conclusion of the support center ramp down period, which occurred during the fourth quarter of 2008.

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

We continue our work under a program for depot level maintenance and upgrades for nine SH-2G(E) helicopters delivered to the Egyptian government during the 1990s. Through December 31, 2008, we are on contract for approximately \$50 million of work related to maintenance and upgrades. This program has a potential total contract value of approximately \$92 million. The segment also continues to perform subcontract work for Sikorsky involving fuselage joining and installation tasks and the production of certain mechanical subassemblies and for MDHI in regard to Rotor Blade System deliveries. These programs have been important elements of our business base over the recent past.

During 2008, we continued to work under a contract from the Army Material Research Development and Engineering Command for follow-on work associated with development of the BURRO Unmanned Resupply Helicopter, utilizing the K-MAX helicopter. In January 2008, the segment and Lockheed, under our previously disclosed agreement, jointly acquired three K-MAX helicopters from a U.S. Government General Services Administration auction for an average cost of \$4.3 million. Two of the aircraft were purchased by Lockheed and the third is owned by the company. The aircraft are being used to further develop the BURRO program.

In August 2008, the company completed its purchase of the portion of the Bloomfield campus Kaman Aerospace Corporation (of which the Helicopters segment forms a part) had leased from NAVAIR for many years. In connection with the purchase, we have assumed responsibility for environmental remediation at the facility as may be required under the Connecticut Transfer Act (the "Act") and we continue the effort to define the scope of the remediation that will be required by the Connecticut Department of Environmental Protection ("CTDEP"). Management believes the fair value of the property of \$10.3 million approximated the discounted present value of the cost of the environmental remediation at the date of purchase. This remediation process will take many years to complete.

Specialty Bearings Segment

	2008	2007	2006
	(in thousands)		
Net Sales	\$ 141,540	\$ 124,009	\$ 106,278
\$ change	17,531	17,731	14,037
% change	14.1%	16.7%	15.2%
Operating Income	\$ 50,168	\$ 41,387	\$ 28,630
\$ change	8,781	12,757	3,466
% change	21.2%	44.6%	13.8%
% of net sales	35.4%	33.4%	26.9%
Backlog on contract	\$ 92,997	\$ 96,790	\$ 80,646

The increase in net sales for 2008 as compared to 2007 was a result of higher shipments in the commercial jet liner market (including the aftermarket), regional jet market and helicopter market, our KAflex product line and a favorable foreign currency rate change. The Euro exchange rate in 2008 had a favorable impact on net sales of approximately 2% compared to 2007. Operating income for 2008 increased primarily due to the increased sales volume, which allows us to leverage our fixed costs, and continued lean manufacturing improvements on the production line.

The increase in net sales during 2007 as compared to 2006 was primarily attributable to higher shipments to customers principally in the regional jet market and military aircraft market, as well as, strong growth in the commercial aftermarket and engine market. To a lesser extent, the increase in sales was also attributable to the currency translation effect on the Euro, which positively affected the U.S. dollar value of sales reported by our Germany facility. Operating income increased primarily due to the increased sales volume, continued lean improvements on the production line and higher absorption of S,G&A expenses during 2007 as compared to 2006.

Major Programs

The aerospace market continued to be strong through the fourth quarter of 2008 although our results were slightly impacted by the Boeing strike that was settled in the fourth quarter of 2008. There was a delay of approximately one month in the 2008 production schedule for Boeing programs due to the impact of the strike. The current economy creates an uncertain environment for our customers and many have already been, and will continue to be, impacted. We anticipate the business jet market will decline in 2009 as well as work for the Commercial Aftermarket as air travel lessens. Although we are watchful of the current economic situation, our diverse customer mix provides us some degree of stability in the changing economy. Our backlog remains strong although we believe many customers are being more cautious with long lead orders.

We continue to focus on our strategy to provide a high quality product with shorter lead times than our competitors, to customers in both the commercial and military markets. Although there is increasing competition, we believe the technological enhancements we make to our current products, as well as the development of new products, will preserve our competitive advantages, increase our customer base, and lead to further penetration of both domestic and foreign markets.

Industrial Distribution Segment

	2008	2007	2006
	(in thousands)		
Net Sales	\$ 776,970	\$ 700,174	\$ 665,420
\$ change	76,796	34,754	43,487
% change	11.0%	5.2%	7.0%
Operating Income	\$ 35,397	\$ 33,038	\$ 35,160
\$ change	2,359	(2,122)	5,745
% change	7.1%	-6.0%	19.5%
% of net sales	4.6%	4.7%	5.3%

The increase in net sales during 2008 as compared to 2007 was due to a balance of organic growth and the contribution of the two acquisitions during the year, representing approximately \$43.4 million in sales. The remaining increase was due to higher sales to new national accounts, some of which were ramping up during 2007. This sales growth was partially offset by the slowing industrial market and uncertain economy, particularly in the latter half of the fourth quarter of 2008. During the year, we continued to make investments in infrastructure and opened three new branches and one new distribution center in the United States. As previously disclosed, these investments in infrastructure and personnel have had an impact on our operating income and it will take several years for the benefits of these investments to be fully realized. Operating income increased for 2008 compared to 2007 primarily due to the increase in organic sales volume primarily in the first nine months of the year. Results for the fourth quarter of 2008 were significantly impacted by the rapid decline in sales to OEMs and a deterioration in capital spending by Maintenance, Repair and Overhaul ("MRO") organizations.

The increase in net sales during 2007 as compared to 2006 was primarily due to the ramp up of national account business, as well as continued strength in the energy and power generation, mining and oil exploration and food processing industries. During 2007, despite the increase in sales volume and the associated increase in gross margin, we experienced a decrease in operating income compared to 2006. The decrease was partially attributable to additional start up costs for new branch openings and other implementation costs we incurred to support several new national account contracts awarded in 2007 and late 2006. Additionally, during 2007 we experienced an increase in overall operating expenses and higher personnel costs primarily driven by increased headcount necessary to support our growing business base.

Industrial Distribution Trends

The Market

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

Our Strategy

The primary strategy for the Industrial Distribution segment is to:

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Discussion and Analysis of Cash Flows

We assess the company's liquidity in terms of our ability to generate cash to fund working capital, investing and financing activities. Significant factors affecting liquidity include: cash flows generated from or used by operating activities, capital expenditures, investments in our business segments and their programs, acquisitions, divestitures, dividends, adequacy of available bank lines of credit, and factors that might otherwise affect the company's business and operations generally, as described under the heading "Risk Factors" and "Forward-Looking Statements" in Item 1A of Part I of this Form 10-K.

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

We are watchful of the recent developments in the credit markets and are assessing the impact the current economic downturn may have on the company. Although we had recent success in executing a Term Loan Credit Agreement, the current market may restrict or prohibit us from securing the additional financing necessary to continue with our growth strategy and finance working capital requirements. The trends in the market may have an impact on the company through lower customer spending as well as higher interest rates on borrowings going forward. Additionally, with the significant downturn in the current financial markets, our pension plan assets have significantly decreased, resulting in higher pension plan contributions and the expectation of a significant increase in pension expense in 2009. See Note 16, Pension Plans, in the Notes to Consolidated Financial Statements, for further information.

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

	2008	2007	2006	08 vs. 07	07 vs. 06
	(in thousands)				
Total cash provided by (used in):					
Operating activities	\$ (13,705)	\$ 25,581	\$ (769)	\$ (39,286)	\$ 26,350
Investing activities	(125,776)	95,661	(15,307)	(221,437)	110,968
Financing activities	75,055	(56,452)	12,350	131,507	(68,802)

Net cash used in operating activities increased \$39.3 million in 2008 compared to 2007. This increase in cash used is primarily attributable to increased cash requirements to fund working capital needs in 2008 as compared to 2007 as specifically discussed below:

- Inventory levels increased in the Helicopters segment, primarily due to the acquisition of a K-MAX aircraft, and in the Aerostructures segment, primarily due to higher amounts of inventory at the Aerostructures Wichita facility.
- Inventory has also increased at our Precision Products segment, although it is anticipated that the JPF inventory, the largest driver of this increase, will decrease in 2009 as additional progress payments are billed and as more fuzes are shipped.
- Higher payments of prior year accrued fringe benefits and incentive compensation during 2008.
- Total cash payments for income taxes increased significantly, primarily due to the taxes paid on the gain resulting from the Music segment sale.
- The company paid out a significant amount of SERP payments in 2008 compared to 2007 primarily attributable to the retirement of the former Chief Executive Officer and Chief Financial Officer.

Net cash used in investing activities increased \$221.4 million in 2008 compared to 2007. The increase is primarily attributable to the acquisitions of Brookhouse and ISC during the second quarter of 2008 and the acquisition of INRUMEC during the fourth quarter of 2008, the absence of cash inflows from the sale of our former Music segment in 2007, and the increase in capital expenditures at the Specialty Bearings, Aerostructures and Industrial Distribution segments.

Net cash provided by financing activities increased \$131.5 million in 2008 compared to 2007. We had net borrowings under the Revolving Credit Agreement of \$31.6 million for 2008 as compared to repayments of \$45.3 million for 2007. The significant change was driven by the issuance of long-term debt in 2008 and proceeds from the exercise of employee stock options, offset partially by the payment of dividends.

Net cash provided by operating activities increased in 2007 compared to 2006 due to changes in accounts receivable and inventory. We generated a significant amount of cash from accounts receivable in 2007 compared to 2006, primarily due to considerable cash collections in our Aerostructures and Helicopters segments for several key programs. This was partially offset by an increase in accounts receivable at our Precision Products and Industrial Distribution segments, primarily due to increased sales volume in the latter portion of the year. Inventory increased significantly, most notably in our Aerostructures segment as it ramped up for new programs.

Total investing activity for 2007 included cash proceeds from the divestiture of our Music segment of \$119.5 million as well as cash proceeds from the sale of the 40mm assets of \$5.5 million. Cash outflows for investing activities related primarily to capital expenditures within all the reporting segments. Each segment's capital expenditures were considered essential to continue to ramp up for new programs, have the tools necessary to effectively compete in the marketplace and have the capacity necessary to meet our customers' expectations. Additionally, the Industrial Distribution segment purchased the final 9.2% interest in Delamac de Mexico S.A. de C.V. in the first quarter of 2007 for \$0.5 million.

We used a portion of the cash proceeds from the Music transaction to pay down all of the balance owed under our revolving credit agreement, except for our Euro note, at the end of 2007. Other financing cash outflows related primarily to payment of the quarterly dividend.

Financing Arrangements

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

Total average bank borrowings for 2008 were \$62.8 million compared to \$82.9 million for 2007. As of December 31, 2008, there was \$129.4 million available for borrowing under the Revolving Credit Agreement, net of letters of credit. Letters of credit are generally considered borrowings for purposes of the Revolving Credit Agreement. A total of \$27.7 million in letters of credit were outstanding under the Revolving Credit Agreement at December 31, 2008, \$20.4 million of which was related to the Australia SH-2G(A) program. In connection with the ownership transfer that occurred on February 12, 2009, we cancelled these letters of credit and issued a new letter of credit for the previously described guaranteed minimum payment of \$39.5 million (AUS).

Facility fees and interest rates under the Revolving Credit Agreement are determined on the basis of the company's credit rating from Standard & Poor's. In June 2008, Standard & Poor's re-affirmed the company's rating as investment grade BBB- with an outlook of stable. We believe this is a favorable rating for a company of our size. Under the terms of the Revolving Credit Agreement, if this rating should decrease, the effect would be to increase facility fees as well as the interest rates charged. The financial covenants related to the Revolving Credit Agreement and Term Loan Agreement include a requirement that the company have i) EBITDA, at least equal to 300 percent of net interest expense, on the basis of a rolling four quarters and ii) a ratio of consolidated total indebtedness to total capitalization of not more than 55 percent. The agreement also incorporates a financial covenant which provides that if the company's EBITDA to net interest expense ratio is less than 6 to 1, the ratio of i) accounts receivable and inventory for certain Kaman subsidiaries to ii) the company's consolidated total indebtedness cannot be less than 1.6 to 1. We remained in compliance with those financial covenants as of and for the year ended December 31, 2008.

Other Sources/Uses of Capital

For 2009, we will make a contribution of approximately \$10.9 million to our tax-qualified defined benefit pension plan, and approximately \$5.7 million in SERP payments. For the 2008 plan year, we made cash contributions of approximately \$7.0 million to our tax-qualified defined benefit pension plan. Additionally during 2008, we paid approximately \$18.0 million in SERP payments, a large portion of which were made in February and August 2008 to our former Chief Executive Officer for his final lump sum SERP payment and in November to our former Chief Financial Officer. For the 2007 plan year, we made a cash contribution of \$10.0 million to our tax-qualified defined benefit pension plan and \$2.4 million in payments for our SERP.

In November 2000, the company's board of directors approved a replenishment of the Company's stock repurchase program, providing for repurchase of an aggregate of 1.4 million common shares for use in administration of the Company's stock plans and for general corporate purposes. There were no shares repurchased during 2008. At December 31, 2008, approximately 1.1 million shares were authorized for purchase under this program.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Contractual Obligations

The following table summarizes certain of the company's contractual obligations as of December 31, 2008:

Contractual Obligations	Payments due by period (in millions)				
	Total	Within 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 94.1	\$ 6.2	\$ 52.9	\$ 35.0	\$ -
Interest payments on debt (A)	15.9	3.9	8.5	3.5	-
Operating leases	41.9	16.7	18.2	5.9	1.1
Purchase obligations (B)	179.9	147.9	31.5	0.5	-
Other long-term obligations (C)	30.6	5.1	7.9	6.6	11.0
Planned funding of pension and SERP (D)	33.5	15.6	4.5	7.2	6.2
Total	\$ 395.9	\$ 195.4	\$ 123.5	\$ 58.7	\$ 18.3

Note: For more information refer to Note 12, Credit Arrangements – Short-Term Borrowing and Long-Term Debt; Note 18, Commitments and Contingencies; Note 17, Other Long-Term Liabilities; Note 16, Pension Plans, and Note 15, Income Taxes in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

- (A) Interest payments on debt within one year are based upon the long-term debt that existed at December 31, 2008. After one year interest payments are based upon average estimated long-term debt balances outstanding each year.
- (B) This category includes purchase commitments with suppliers for materials and supplies as part of the ordinary course of business, consulting arrangements and support services. Only obligations in the amount of at least fifty thousand dollars are included.
- (C) This category includes obligations under the company's long-term incentive plan, deferred compensation plan, a supplemental disability income arrangement for one former company officer and unrecognized tax benefits under FIN 48.
- (D) This category includes planned funding of the company's SERP and qualified defined benefit pension plan. Projected funding for the qualified defined benefit pension plan beyond one year has not been included as there are several significant factors, such as the future market value of plan assets and projected investment return rates, which could cause actual funding requirements to differ materially from projected funding.

Off-Balance Sheet Arrangements

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

Off-Balance Sheet Arrangements	Payments due by period (in millions)				
	Total	Within 1 year	1-3 years	3-5 years	More than 5 years
Acquisition earn-out (1)	\$ 6.6	\$ 0.4	\$ 1.5	\$ 3.1	\$ 1.6
Total	\$ 6.6	\$ 0.4	\$ 1.5	\$ 3.1	\$ 1.6

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

The company currently maintains \$27.7 million in outstanding standby letters of credit under the Revolving Credit Agreement. Of this amount, \$20.4 million is related to the Australia SH-2G(A) Super Seasprite program. In connection with the transfer of the inventory that occurred on February 12, 2009, we cancelled these letters of credit and issued a new letter of credit for the previously described guaranteed minimum payment of \$39.5 million (AUS).

CRITICAL ACCOUNTING ESTIMATES

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

Long-Term Contracts

Methodology

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

Management performs detailed quarterly reviews of all of our long-term contracts. Based upon these reviews, we record the effects of adjustments in profit estimates each period. If at any time management determines that in the case of a particular contract total costs will exceed total contract revenue, we record a provision for the entire anticipated contract loss at that time.

Judgment and Uncertainties

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

Effect if Actual Results Differ From Assumptions

While we do not believe there is a reasonable likelihood there will be a material change in estimates or assumptions used to calculate our long-term revenues and costs, estimating the percentage of work complete on certain programs is a complex task. As a result, changes to these programs could have a significant impact on our results of operations. These programs include the Sikorsky Canadian MH-92 program, the Sikorsky BLACK HAWK program, the JPF program, and several other programs including the Boeing A-10 program. Estimating the ultimate total cost of these programs has been challenging partially due to the complexity of the programs, the ramping up of the new programs, the nature of the materials needed to complete these programs, change orders related to the programs and the need to manage our customers' expectations. These programs are an important element in our continuing strategy to increase operating efficiencies and profitability as well as broaden our business base. Management continues to monitor and update program cost estimates quarterly for these contracts. A significant change in an estimate on one or more programs could have a material effect on our financial position or results of operations.

Allowance for Doubtful Accounts

Methodology

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

Judgment and Uncertainties

Write-offs are charged against the allowance for doubtful accounts only after we have exhausted all collection efforts. Actual write-offs and adjustments could differ from the allowance estimates due to unanticipated changes in the business environment as well as factors and risks associated with specific customers.

As of December 31, 2008 and 2007, our allowance for doubtful accounts was 1.2 percent and 1.1 percent of gross receivables, respectively. Receivables written off, net of recoveries, in 2008 and 2007 were \$0.8 and \$0.7 million, respectively.

Effect if Actual Results Differ From Assumptions

Currently we do not believe that we have a significant amount of risk relative to the allowance for doubtful accounts. A 10% increase in the allowance would have a \$0.2 million effect on pre-tax earnings.

Inventory Valuation

Methodology

We have four types of inventory (a) merchandise for resale, (b) contracts in process, (c) other work in process, and (d) finished goods. Merchandise for resale is stated at the lower of the cost of the inventory or its fair market value. Contracts in process, other work in process and finished goods are valued at production cost comprised of material, labor and overhead, including general and administrative expenses on certain government contracts. Contracts in process, other work in process, and finished goods are reported at the lower of cost or net realizable value. We include raw material amounts in the contracts in process and other work in process balances. Raw material includes certain general stock materials but primarily relates to purchases that were made in anticipation of specific programs that have not been started as of the balance sheet date. The total amount of raw material included in these in process amounts is less than 10.0% of the total inventory balance for 2008 and 2007.

Judgment and Uncertainties

The process for evaluating inventory obsolescence or market value issues often requires the company to make subjective judgments and estimates concerning future sales levels, quantities and prices at which such inventory will be sold in the normal course of business. We adjust our inventory by the difference between the estimated market value and the actual cost of our inventory to arrive at net realizable value. Changes in estimates of future sales volume may necessitate future write-downs of inventory value. Based upon a market evaluation performed in 2002 we wrote down our K-MAX inventory by \$46.7 million in that year. The K-MAX inventory balance, consisting of work in process and finished goods, was \$23.6 million as of December 31, 2008. We believe that it is stated at net realizable value, although lack of demand for spare parts in the future could result in additional write-downs of the inventory value. Overall, management believes that our inventory is appropriately valued and not subject to further obsolescence in the near term.

Effect if Actual Results Differ From Assumptions

Inventory valuation at our Industrial Distribution segment generally requires less subjective management judgment than the valuation of certain inventory in the four reporting segments that comprise the Aerospace businesses. Management reviews the K-MAX inventory balance on an annual basis to determine whether any additional write-downs are necessary. If such a write down were to occur, this could have a significant impact on our operating results. A 10% write down in this inventory at December 31, 2008, would have affected pre-tax earnings by approximately \$2.4 million in 2008.

Vendor Incentives

Methodology

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

We recognize rebate income relative to specific rebate programs as a reduction of the cost of inventory based on a systematic and rational allocation of the cash consideration offered to each of the underlying transactions that results in progress toward earning the rebate, provided that the amounts are probable and reasonably estimable.

Judgment and Uncertainties

Our participation in these types of programs is an important element of our Industrial Distribution segment business. These types of programs are common in distribution businesses. Although we believe we will continue to receive vendor incentives, there is no assurance that our vendors will continue to provide comparable amounts of rebates in the future. Also, we cannot estimate whether we will continue to utilize the vendor programs at the same level as in prior periods.

Effect if Actual Results Differ From Assumptions

If we were to reduce our participation in vendor incentive programs, this could have a significant impact on our operating results.

Goodwill and Other Intangible Assets

Methodology

Goodwill and certain intangible assets that have indefinite lives are evaluated at least annually for impairment. All intangible assets are also reviewed for possible impairment whenever changes in conditions indicate that their carrying value may not be recoverable. The annual evaluation is generally performed during the fourth quarter, based on the initial annual forecast information. The identification and measurement of goodwill impairment involves the estimation of fair value of the reporting unit as compared to its carrying value.

The carrying value of goodwill and other intangible assets having indefinite lives was \$111.8 million and \$46.2 million as of December 31, 2008 and 2007, respectively. See Note 9, Goodwill and Other Intangible Assets, Net, in the Notes to Consolidated Financial Statements for discussion of \$7.8 million of goodwill impairment recorded during the year ended December 31, 2008. Based upon its annual evaluation, management has determined that there has been no further impairment of its goodwill balances.

Judgment and Uncertainties

We determine fair value using widely accepted valuation techniques, including discounted cash flow. Management's estimates of fair value are based upon factors such as projected sales and growth rates, discount rates and other elements requiring significant judgments. The discount rates we utilize reflect the risk and uncertainty in the financial markets and specifically in our internally developed earnings projections. We utilize currently available information regarding present industry and economic conditions and future expectations to prepare our estimates and perform impairment evaluations.

Effect if Actual Results Differ From Assumptions

We do not currently believe there is a reasonable likelihood that there will be a material change in estimates or assumptions used to test for impairment losses on goodwill and other intangible assets. However, if actual results are not consistent with our estimates or assumptions or if current economic conditions persist, we may be exposed to an impairment charge that could be material.

Based upon our analysis, a 1.0 percentage point increase in the discount rate used would not have resulted in any goodwill impairment. Additionally, a 10.0 percent decrease in the fair value of our reporting units also would not have resulted in any goodwill impairment.

Self-Insured Retentions Liabilities

Methodology

We have varying levels of deductibles for losses related to health, workers' compensation, auto and product/general liability claims. To limit our exposure to these claims we obtain third party insurance coverage. Our total liability/deductible for workers' compensation is limited to \$0.4 million per claim and for general liability and auto liability, we are limited to \$0.3 million per claim. The cost of such benefits is recognized as expense based on claims filed in each reporting period and an estimate of claims incurred but not reported ("IBNR") during such period. The estimates for the cost of the claims are based upon information provided to us by the claims administrators and are periodically revised to reflect changes in loss trends. Our IBNR estimate is based upon historical trends.

Judgment and Uncertainties

Liabilities associated with these claims are estimated in part by considering historical claims experience, severity factors and other actuarial assumptions. Projections of future losses are inherently uncertain because of the random nature of insurance claims occurrences and the possibility that actuarial assumptions could change. Such self-insurance accruals likely include claims for which the losses will be settled over a period of years.

Effect if Actual Results Differ From Assumptions

The financial results of the company could be significantly affected if future claims and assumptions differ from those used in determining these liabilities. If more claims are made than were estimated or if the costs of actual claims increases beyond what was anticipated, reserves recorded may not be sufficient and additional accruals may be required in future periods. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to calculate our self-insured liabilities. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material. A 10% change in our self-insurance reserve would affect our 2008 pre-tax earnings by \$0.5 million.

Long-Term Incentive Programs

Methodology

The company maintains a Stock Incentive Plan, which provides for share-based payment awards, including non-statutory stock options, restricted stock, stock appreciation rights, and long-term incentive program (LTIP) awards. We determine the fair value of our non-qualified stock option awards at the date of grant using a Black-Scholes model. We determine the fair value of our restricted share awards at the date of grant using an average of the high and low market price of our stock.

LTIP awards provide certain senior executives an opportunity to receive award payments, generally in cash. For each performance cycle, the company's financial results are compared to the Russell 2000 indices for the same periods based upon the following: (a) average return on total capital, (b) earnings per share growth and (c) total return to shareholders. No awards will be payable unless the company's performance is at least in the 25th percentile of the designated indices. The maximum award is payable if performance reaches the 75th percentile of the designated indices. Awards for performance between the 25th and 75th percentiles are determined by straight-line interpolation. Awards will be paid out at 100% at the 50th percentile.

In order to estimate the liability associated with LTIP awards, management must make assumptions as to how our current performance compares to current Russell 2000 data based upon the Russell 2000's historical results. This analysis is performed on a quarterly basis. When sufficient Russell 2000 data for a year is available, which typically will not be until April or May of the following year, management will adjust the liability to reflect its best estimate of the total award. Actual results could differ significantly from management's estimates. The total liability as of December 31, 2008 was \$4.3 million.

Judgment and Uncertainties

Option-pricing models and generally accepted valuation techniques require management to make assumptions and to apply judgment to determine the fair value of our awards. These assumptions and judgments include estimating the future volatility of our stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors. Changes in these assumptions can materially affect the fair value estimate.

Our long-term incentive plan requires management to make assumptions regarding the likelihood of achieving long-term company goals as well as estimate the impact the Russell 2000 results may have on our accrual.

Effect if Actual Results Differ From Assumptions

We do not currently believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to determine stock-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in stock-based compensation expense that could be material.

If actual results are not consistent with the assumptions used, the stock-based compensation expense reported in our financial statements may not be representative of the actual economic cost of the stock-based compensation. A 10% change in our stock-based compensation expense for the year ended December 31, 2008, would have affected net earnings by approximately \$0.2 million in 2008. Due to the timing of availability of the Russell data, there is a risk that the amount we have recorded as LTIP expense could be different from the actual payout. A 10.0 percentage point increase in the total performance factor earned for our LTIP would result in a reduction of 2008 pretax earnings of \$0.2 million.

Pension Plans

Methodology

We maintain a qualified defined benefit pension plan for our full-time U.S. employees (with the exception of certain acquired companies that have not adopted the plan) as well as a non-qualified Supplemental Employees Retirement Plan (SERP) for certain key executives. Expenses and liabilities associated with each of these plans are determined based upon actuarial valuations. Integral to these actuarial valuations are a variety of assumptions including expected return on plan assets, discount rate and rate of increase in compensation levels. We regularly review these assumptions, which are updated at the measurement date, December 31st, and disclosed in Note 16, Pension Plans, in the Notes to Consolidated Financial Statements included in this Form 10-K. In accordance with generally accepted accounting principles, the impact of differences between actual results and the assumptions are accumulated and generally amortized over future periods, which will affect expense recognized in future periods.

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

Judgment and Uncertainties

The discount rate represents the interest rate used to determine the present value of future cash flows currently expected to be required to settle the pension obligation. For 2008, management reviewed the Citigroup Pension Discount Curve and Liability Index to determine the continued appropriateness of our discount rate assumptions. This index was designed to provide a market average discount rate to assist plan sponsors in valuing the liabilities associated with postretirement obligations. Additionally, we reviewed the change in the general level of interest rates since the last measurement date noting that overall rates had decreased since 2007.

Based upon this information, we used a 6.15 percent discount rate as of December 31, 2008 for the qualified benefit pension plan. This rate takes into consideration the participants in our pension plan and the anticipated payment stream as compared to the Citigroup index and rounds the results to the nearest fifth basis point. For the SERP, we used the same methodology as the pension plan and derived a discount rate of 6.15 percent in 2008 for the benefit obligation. The qualified defined benefit pension plan and SERP used discount rates of 6.4 percent and 5.9 percent, respectively at December 31, 2007 for purposes of calculating the benefit obligation. The difference in the discount rates is primarily due to the expected duration of SERP payments, which is shorter than the anticipated duration of benefit payments to be made to the average participant in the pension plan.

The expected long-term rate of return on plan assets represents the average rate of earnings expected on the funds invested to provide for anticipated benefit payments. The expected return on assets assumption is developed based upon several factors. Such factors include current and expected target asset allocation, our historical experience of returns by asset class type, a risk premium and an inflation estimate.

Effect if Actual Results Differ From Assumptions

A lower discount rate increases the present value of benefit obligations and increases pension expense. A one percentage point decrease in the assumed discount rate would have increased pension expense in 2008 by \$3.4 million. A one percentage point increase in the assumed discount rate would have decreased pension expense in 2008 by \$1.3 million.

A lower expected rate of return on pension plan assets would increase pension expense. The expected return on plan assets was 8.0 percent for December 31, 2008. A one-percentage point increase/decrease in the assumed return on pension plan assets assumption would have changed pension expense in 2008 by approximately \$4.3 million.

Income Taxes

Methodology

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

As of December 31, 2008, we had recognized \$87.9 million of net deferred tax assets, net of valuation allowances. The realization of these benefits is dependent in part on future taxable income. For those foreign countries or U.S. states where the expiration of tax loss or credit carry forwards or the projected operating results indicates that realization is not likely, a valuation allowance is provided.

Judgment and Uncertainties

Management believes that sufficient income will be earned in the future to realize deferred income tax assets, net of valuation allowances recorded. The realization of these deferred tax assets can be impacted by changes to tax laws or statutory tax rates and future taxable income levels.

Our effective tax rate on earnings from continuing operations was 40.7 percent for 2008. Our effective tax rate is based on expected or reported income or loss, statutory tax rates, and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. We establish reserves when, despite our belief that our tax return positions are valid and defensible, we believe that certain positions may not prevail if challenged. We adjust these reserves in light of changing facts and circumstances, such as the progress of a tax audit or changes in tax legislation. Our effective tax rate includes the impact of reserve provisions and changes to reserves that we consider appropriate. This rate is then applied to our quarterly operating results. In the event that there is a significant unusual or one-time item recognized in our operating results, the tax attributable to that item would be separately calculated and recorded at the same time as the unusual or one-time item.

Effect if Actual Results Differ From Assumptions

The Company anticipates that total unrecognized tax benefits will decrease by \$0.8 million due to settlements of tax examinations within the next twelve months. We file tax returns in numerous U.S. and foreign jurisdictions, with returns subject to examination for varying periods, but generally back to and including 2005. It is our policy to record interest and penalties on unrecognized tax benefits as income taxes. A one percent change to our tax rate would affect our 2008 earnings by \$0.6 million.

Derivatives and Hedging

Methodology

We use derivatives to manage risks related to foreign exchange and our net investment in certain foreign subsidiaries. Accounting for derivatives as hedges requires that, at inception and over the term of the arrangement, the hedged item and related derivative meet the requirements for hedge accounting. The rules and interpretations related to derivative accounting are complex. If a derivative does not meet the complex requirements established as a prerequisite for hedge accounting, changes in the fair value of the derivative must be reported in earnings rather than as a component of other comprehensive income, without regard to the offsetting changes in the fair value of the hedged item.

Judgment and Uncertainties

In evaluating whether a particular relationship qualifies for hedge accounting, we first determine whether the relationship meets the strict criteria to qualify for exemption from ongoing effectiveness testing. For a relationship that does not meet these criteria, we test effectiveness at inception and quarterly thereafter by determining whether changes in the fair value of the derivative offset, within a specified range, changes in the fair value of the hedged item. This test is conducted each reporting period. If fair value changes fail this test, we discontinue applying hedge accounting to that relationship prospectively. Fair values of both the derivative instrument and the hedged item are calculated using internal valuation models incorporating market-based assumptions.

Effect if Actual Results Differ From Assumptions

At December 31, 2008, derivative assets were \$1.0 million and we had recorded \$0.8 million, net of tax, in other comprehensive income. The amount recorded to other comprehensive income would have been recorded in the Consolidated Statement of Operations for the year ended December 31, 2008 had the criteria for hedge accounting not been met. Changes in the fair value of these instruments will be recorded to other comprehensive income until the point where either the Company stops utilizing the derivative instruments as a hedge or the derivative instruments no longer provide an effective hedge against the impact of foreign currency changes on the underlying transaction. Further information about our use of derivatives is provided in Note 6, Derivative Financial Instruments, in the Notes to Consolidated Financial Statements.

Environmental Costs

Methodology

Our operations are subject to environmental regulation by federal, state and local authorities in the United States and regulatory authorities with jurisdiction over our foreign operations. As a result, we have established and update, as necessary, policies relating to environmental standards of performance for our operations worldwide.

When we become aware of an environmental risk, we perform a site study to ascertain the potential magnitude of contamination and the estimated cost of remediation. This cost is accrued using a reasonable discount factor based on the estimated future cost of remediation.

In 2008, the primary accrual for remediation related to our purchase of the Navy property as more fully discussed in Note 11, Environmental Costs, and Note 18, Commitments and Contingencies, in the Notes to Consolidated Financial Statements.

We continually evaluate the identified environmental issues to ensure the time to complete the remediation and the total cost of remediation are consistent with our initial estimate. If there is any change in the cost and/or timing of remediation, the accrual is adjusted accordingly.

Judgment and Uncertainties

Environmental costs are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of currently available facts with respect to each individual site, including existing technology, current laws and regulations and prior remediation experience. Liabilities with fixed or readily determinable payment dates are discounted.

Effect if Actual Results Differ From Assumptions

At December 31, 2008, amounts accrued for known environmental remediation costs were \$16.1 million. A 10% change in this accrual could have impacted pre-tax earnings by \$1.6 million. Further information about our environmental costs is provided in Note 11, Environmental Costs, in the Notes to Consolidated Financial Statements.

We believe that expenditures necessary to comply with the present regulations governing environmental protection will not have a material effect upon our competitive position, consolidated financial position, results of operations or cash flows.

RECENT ACCOUNTING STANDARDS

A summary of recent accounting standards is included in Note 1, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data, of this Form 10-K.

SELECTED QUARTERLY FINANCIAL DATA

2008	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
(in thousands, except per share amounts)					
Net Sales	\$ 285,781	\$ 316,285	\$ 335,133	\$ 316,396	\$ 1,253,595
Gross Profit	\$ 76,591	\$ 86,272	\$ 88,873	\$ 80,401	\$ 332,137
Net Earnings from Continuing Operations	\$ 8,868	\$ 6,090	\$ 13,530	\$ 6,619	\$ 35,107
Gain on Disposal of Discontinued Operations, net of tax	\$ -	\$ 323	\$ -	\$ 169	\$ 492
Net Earnings	\$ 8,868	\$ 6,413	\$ 13,530	\$ 6,788	\$ 35,599

Earnings Per Share - Basic

Basic from Continuing Operations	\$ 0.35	\$ 0.24	\$ 0.54	\$ 0.26	\$ 1.39
Basic from Disposal of Discontinued Operations	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.02
Basic	\$ 0.35	\$ 0.25	\$ 0.54	\$ 0.27	\$ 1.41

Earnings Per Share - Diluted

Diluted from Continuing Operations	\$ 0.35	\$ 0.24	\$ 0.53	\$ 0.26	\$ 1.38
Diluted from Disposal of Discontinued Operations	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.02
Diluted	\$ 0.35	\$ 0.25	\$ 0.53	\$ 0.27	\$ 1.40

2007	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
(in thousands, except per share amounts)					
Net Sales	\$ 266,530	\$ 272,382	\$ 274,856	\$ 272,263	\$ 1,086,031
Gross Profit	\$ 75,161	\$ 74,584	\$ 76,457	\$ 74,743	\$ 300,945
Net Earnings from Continuing Operations	\$ 9,073	\$ 9,007	\$ 9,437	\$ 8,974	\$ 36,491
Net Earnings from Discontinued Operations	\$ 1,002	\$ 1,052	\$ 2,300	\$ 3,536	\$ 7,890
Gain on Disposal of Discontinued Operations, net of tax	\$ -	\$ -	\$ -	\$ 11,538	\$ 11,538
Net Earnings	\$ 10,075	\$ 10,059	\$ 11,737	\$ 24,048	\$ 55,919

Earnings Per Share - Basic

Basic from Continuing Operations	\$ 0.37	\$ 0.37	\$ 0.39	\$ 0.37	\$ 1.50
Basic from Discontinued Operations	\$ 0.05	\$ 0.04	\$ 0.09	\$ 0.14	\$ 0.32
Basic from Disposal of Discontinued Operations	\$ -	\$ -	\$ -	\$ 0.47	\$ 0.47
Basic	\$ 0.42	\$ 0.41	\$ 0.48	\$ 0.98	\$ 2.29

Earnings Per Share - Diluted

Diluted from Continuing Operations	\$ 0.37	\$ 0.36	\$ 0.38	\$ 0.35	\$ 1.46
Diluted from Discontinued Operations	\$ 0.04	\$ 0.04	\$ 0.09	\$ 0.14	\$ 0.31
Diluted from Disposal of Discontinued Operations	\$ -	\$ -	\$ -	\$ 0.46	\$ 0.46
Diluted	\$ 0.41	\$ 0.40	\$ 0.47	\$ 0.95	\$ 2.23

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

One-time charges within the 2008 quarterly results are as follows: first quarter, \$2,527 in charges related to the write-off of tooling costs at our Aerostructures Wichita facility; second quarter, \$7,810 in non-cash expense related to the impairment of the goodwill balance at our Aerostructures Wichita facility; third quarter, \$1,587 of expense related to the cancellation of foreign currency hedge contracts originally assumed in connection with the acquisition of Brookhouse.

Included within the 2007 quarterly gross profit are charges related to the Australian SH-2G(A) program as follows: first quarter, \$2,466; second quarter, \$2,383; third quarter, \$768; fourth quarter, \$797.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Foreign Currencies

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

During the first quarter of 2008, we entered a settlement agreement with the Commonwealth of Australia that terminated the SH-2G(A) Super Seasprite program on mutually agreed terms. The agreement provided for a transfer of ownership of the 11 SH-2G(A) Super Seasprite helicopters (along with spare parts and associated equipment), after which proceeds from the sale of these items would be shared on a predetermined basis. This transfer of ownership occurred on February 12, 2009 (the Transfer Date).

In connection with sharing sale proceeds, we have agreed that total payments of at least \$39.5 million (AUS) will be made to the Commonwealth regardless of sales, with at least \$26.7 million (AUS) to be paid by March 2011, and, to the extent cumulative payments have not yet reached \$39.5 million (AUS), additional payments of \$6.4 million (AUS) each in March of 2012 and 2013. During the fourth quarter of 2008, we entered into forward contracts for the purpose of hedging these required payments. These contracts cover \$36.5 million (AUS) of the \$39.5 million (AUS) in required payments and have been accounted for in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended by Statement of Financial Accounting Standards No. 137 and Statement of Financial Accounting Standards No. 138" ("SFAS 133"). See Note 6, Derivative Financial Instruments, in the Notes to Consolidated Financial Statements for further discussion.

Additionally we maintain a euro note, which is part of our revolving credit facility, which qualifies and has been designated as an effective hedge against the investment in our German subsidiary (RWG). The euro note acts as an effective hedge against currency gains or losses.

Total annual foreign sales, including foreign export sales, averaged approximately \$158 million over the last three years. More than half of our foreign sales are to Europe or Canada. Foreign sales represented 14.9 percent of consolidated net sales in 2008. The increasing strength of the Euro has resulted in additional pricing pressures for our German subsidiary since most of the products it sells are priced in Euros. Overall, management believes that any near term changes in currency exchange rates would not have a material effect on the company's financial position.

Interest Rates

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

Our interest rate risk is derived primarily from our outstanding variable rate revolving credit facilities. The principal facilities are a \$200.0 million revolving credit agreement that expires August 4, 2010 and a \$50 million term loan agreement entered into on October 29, 2008 with a four-year term. The other facilities, established for foreign operations, are comparatively insignificant in amount. Changes in market interest rates or the company's credit rating would impact the interest rates on these facilities. As of December 31, 2008, we have \$94.2 million in outstanding indebtedness, inclusive of a euro note, which is part of our revolving credit facility, for \$7.1 million. This euro note is being used as an effective hedge against our investment in RWG. We will continue to borrow strategically to limit interest rate risk in the future.

Commodity Prices

We are exposed to volatility in the price of raw materials used in certain manufacturing operations as well as a variety of items procured by our distribution business. These raw materials include, but are not limited to, aluminum, titanium, nickel, copper and other specialty metals. We manage our exposure related to these price changes through strategic procurement and sales practices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

KAMAN CORPORATION AND SUBSIDIARIES

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

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

Under the supervision of and with the participation of our management, including the undersigned, the company has assessed its internal controls over financial reporting as of December 31, 2008, based on criteria for effective internal control over financial reporting described in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the company concluded that the company maintained effective internal control over financial reporting as of December 31, 2008, based on the specified criteria. During our assessment, management did not identify any material weaknesses in our internal control over financial reporting. KPMG LLP, an independent registered accounting firm that also audited our consolidated financial statements included in this report, audited the effectiveness of internal control over financial reporting and issued their report thereon which is included herein.

February 26, 2009

/s/ Neal J. Keating

Neal J. Keating
President and
Chief Executive Officer

/s/ William C. Denninger

William C. Denninger
Senior Vice President
and Chief Financial Officer

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Kaman Corporation

We have audited the accompanying consolidated balance sheets of Kaman Corporation and its subsidiaries (Kaman Corporation) as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008. We also have audited Kaman Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Kaman Corporation's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

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

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

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

Kaman Corporation acquired Brookhouse Holdings, Limited, Industrial Supply Corp. (ISC) and Industrial Rubber and Mechanics, Inc. (INRUMEC) during 2008, and management excluded from its assessment of the effectiveness of Kaman Corporation's internal control over financial reporting as of December 31, 2008, Brookhouse's, ISC's, and INRUMEC's internal control over financial reporting associated with total assets of \$123.1 million and total net sales of \$75.8 million included in the consolidated financial statements of Kaman Corporation as of and for the year ended December 31, 2008. Our audit of internal control over financial reporting of Kaman Corporation also excluded an evaluation of the internal control over financial reporting of Brookhouse, ISC, and INRUMEC.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaman Corporation as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Kaman Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP
Hartford, Connecticut
February 26, 2009

CONSOLIDATED BALANCE SHEETS
KAMAN CORPORATION AND SUBSIDIARIES
(In thousands, except share and per share amounts)

	At December 31,	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,161	\$ 73,898
Accounts receivable, net	173,847	158,435
Inventories	255,817	210,341
Deferred income taxes	23,851	28,724
Other current assets	24,840	20,231
Total current assets	486,516	491,629
Property, plant and equipment, net	79,476	53,645
Goodwill	83,594	45,993
Other intangibles assets, net	28,211	195
Deferred income taxes	71,926	3,594
Overfunded pension	-	30,486
Other assets	12,890	9,321
Total assets	\$ 762,613	\$ 634,863
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	\$ 1,241	\$ 1,680
Current portion of long-term debt	5,000	-
Accounts payable – trade	84,059	74,236
Accrued salaries and wages	21,104	25,328
Accrued pension costs	5,878	14,202
Accrued contract losses	9,714	9,513
Advances on contracts	10,612	9,508
Other accruals and payables	39,467	36,162
Income taxes payable	1,464	12,002
Total current liabilities	178,539	182,631
Long-term debt, excluding current portion	87,924	11,194
Deferred income taxes	7,926	199
Underfunded pension	168,148	-
Other long-term liabilities	45,805	46,313
Commitments and contingencies		
Shareholders' equity:		
Capital stock, \$1 par value per share:		
Preferred stock, 200,000 shares authorized; none outstanding	-	-
Common stock, 50,000,000 shares authorized, voting, 25,514,525 shares issued in 2008 and 25,181,894 shares issued in 2007	25,515	25,182
Additional paid-in capital	85,073	78,783
Retained earnings	283,789	262,417
Accumulated other comprehensive income (loss)	(119,658)	28,555
Less 43,907 shares and 38,471 shares of common stock in 2008 and 2007, respectively, held in treasury, at cost	(448)	(411)
Total shareholders' equity	274,271	394,526
Total liabilities and shareholders' equity	\$ 762,613	\$ 634,863

See accompanying notes to consolidated financial statements.

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

	For the Year Ended December 31		
	2008	2007	2006
Net sales	\$ 1,253,595	\$ 1,086,031	\$ 991,422
Cost of sales	921,458	785,086	719,999
	<u>332,137</u>	<u>300,945</u>	<u>271,423</u>
Selling, general and administrative expenses	259,282	238,796	223,549
Goodwill impairment	7,810	-	-
Net (gain)/loss on sale of assets	(221)	(2,579)	52
Operating income from continuing operations	65,266	64,728	47,822
Interest expense, net	3,012	6,336	6,244
Loss on ineffective derivative contracts	1,893	-	-
Other expense, net	<u>1,195</u>	<u>865</u>	<u>918</u>
Earnings from continuing operations before income taxes	59,166	57,527	40,660
Income tax expense	24,059	21,036	16,017
Net earnings from continuing operations	<u>35,107</u>	<u>36,491</u>	<u>24,643</u>
Earnings from discontinued operations, net of taxes	-	7,890	7,143
Gain on disposal of discontinued operations, net of taxes	492	11,538	-
Net earnings from discontinued operations	<u>492</u>	<u>19,428</u>	<u>7,143</u>
Net earnings	<u>\$ 35,599</u>	<u>\$ 55,919</u>	<u>\$ 31,786</u>
Net earnings per share:			
Basic net earnings per share from continuing operations	\$ 1.39	\$ 1.50	\$ 1.02
Basic net earnings per share from discontinued operations	-	0.32	0.30
Basic net earnings per share from disposal of discontinued operations	0.02	0.47	-
Basic net earnings per share	<u>\$ 1.41</u>	<u>\$ 2.29</u>	<u>\$ 1.32</u>
Diluted net earnings per share from continuing operations	\$ 1.38	\$ 1.46	\$ 1.01
Diluted net earnings per share from discontinued operations	-	0.31	0.29
Diluted net earnings per share from disposal of discontinued operations	0.02	0.46	-
Diluted net earnings per share	<u>\$ 1.40</u>	<u>\$ 2.23</u>	<u>\$ 1.30</u>
Average shares outstanding:			
Basic	25,228	24,375	24,036
Diluted	<u>25,512</u>	<u>25,261</u>	<u>24,869</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
KAMAN CORPORATION AND SUBSIDIARIES

(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Restricted Stock Awards	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	\$					Shares	\$	
Balance at December 31, 2005	24,565,111	\$ 24,565	\$ 58,637	\$ 199,383	\$ (454)	\$ (4,145)	660,382	\$ (8,232)	\$ 269,754
Net earnings	-	-	-	31,786	-	-	-	-	31,786
Foreign currency translation adjustments, net of tax benefit of \$840	-	-	-	-	-	1,268	-	-	1,268
Comprehensive income									33,054
Dividends	-	-	-	(12,032)	-	-	-	-	(12,032)
Stock awards issued, net of tax benefit of \$381	-	-	1,005	-	-	-	(182,296)	2,233	3,238
Share-based compensation expense	-	-	1,300	-	-	-	(43,375)	531	1,831
Conversion of debentures	-	-	143	-	-	-	(12,871)	158	301
Adoption of SFAS 123(R)	-	-	(454)	-	454	-	-	-	-
Adoption of SFAS 158, net of tax expense of \$255	-	-	-	-	-	415	-	-	415
Balance at December 31, 2006	24,565,111	24,565	60,631	219,137	-	(2,462)	421,840	(5,310)	296,561
Net earnings	-	-	-	55,919	-	-	-	-	55,919
Foreign currency translation adjustments, net of tax benefit of \$441	-	-	-	-	-	3,128	-	-	3,128
Pension plan adjustments, net of tax expense of \$17,102	-	-	-	-	-	27,889	-	-	27,889
Comprehensive income									86,936
Dividends	-	-	-	(13,054)	-	-	-	-	(13,054)
Stock awards issued, net of tax benefit of \$1,211	36,066	36	1,939	-	-	-	(252,409)	3,281	5,256
Share-based compensation expense	20,000	20	2,935	-	-	-	(63,804)	789	3,744
Conversion of debentures	560,717	561	13,278	-	-	-	(67,156)	829	14,668
Adoption of FIN 48	-	-	-	415	-	-	-	-	415
Balance at December 31, 2007	25,181,894	25,182	78,783	262,417	-	28,555	38,471	(411)	394,526
Net earnings	-	-	-	35,599	-	-	-	-	35,599
Foreign currency translation adjustments, net of tax expense of \$224	-	-	-	-	-	(27,782)	-	-	(27,782)
Unrealized gain on derivative instruments, net of tax expense of \$493	-	-	-	-	-	804	-	-	804
Pension plan adjustments, net of tax benefit of \$74,279	-	-	-	-	-	(121,235)	-	-	(121,235)
Comprehensive loss									(112,614)
Dividends	-	-	-	(14,227)	-	-	-	-	(14,227)
Stock awards issued, net of tax benefit of \$349	209,586	210	3,406	-	-	-	-	-	3,616
Share-based compensation expense	123,045	123	2,884	-	-	-	5,436	(37)	2,970
Balance at December 31, 2008	25,514,525	\$ 25,515	\$ 85,073	\$ 283,789	\$ -	\$ (119,658)	43,907	\$ (448)	\$ 274,271

See accompanying notes to consolidated financial statements.

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

	For the Year Ended December 31,		
	2008	2007	2006
Cash flows from operating activities:			
Net earnings from continuing operations	\$ 35,107	\$ 36,491	\$ 24,643
Adjustments to reconcile net earnings from continuing operations to net cash (used in) provided by operating activities of continuing operations:			
Depreciation and amortization	12,842	9,893	8,754
Change in allowance for doubtful accounts	217	(3)	(511)
Net (gain) loss on sale of assets	(221)	(2,579)	56
Goodwill impairment	7,810	-	-
Non-cash loss on derivative instruments	306	-	-
Stock compensation expense	2,109	3,827	2,867
Excess tax benefits from share-based compensation arrangements	(349)	(1,171)	(378)
Deferred income taxes	10,108	(7,780)	(1,243)
Changes in assets and liabilities, excluding effects of acquisitions/divestitures:			
Accounts receivable	(3,610)	4,255	(10,783)
Inventories	(35,453)	(23,765)	(14,204)
Income tax receivable	(3,450)	-	-
Other current assets	3,540	(3,373)	(1,432)
Accounts payable	(5,317)	931	(5,295)
Accrued contract losses	206	(2,033)	(8,429)
Advances on contracts	1,103	(706)	(4,298)
Accrued expenses and payables	(11,999)	(2,871)	(3,128)
Income taxes payable	(11,591)	4,275	2,199
Pension liabilities	(12,790)	3,312	8,560
Other long-term liabilities	(2,273)	6,878	1,853
Net cash provided by (used in) operating activities of continuing operations	(13,705)	25,581	(769)
Net cash provided by (used in) operating activities of discontinued operations	(14)	209	7,588
Net cash provided by (used in) operating activities	(13,719)	25,790	6,819
Cash flows from investing activities:			
Proceeds from sale of assets	210	5,741	541
Net proceeds from sale of discontinued operations	447	112,302	-
Expenditures for property, plant & equipment	(16,000)	(14,226)	(12,099)
Acquisition of businesses including earn out adjustment, net of cash	(106,131)	(3,238)	(1,752)
Other, net	(4,302)	(4,918)	(1,997)
Cash provided by (used in) investing activities of continuing operations	(125,776)	95,661	(15,307)
Cash provided by (used in) investing activities of discontinued operations	-	301	(383)
Cash provided by (used in) investing activities	(125,776)	95,962	(15,690)
Cash flows from financing activities:			
Net borrowings (repayments) under revolving credit agreements	31,636	(45,286)	11,735
Proceeds from issuance of long-term debt	50,000	-	-
Debt repayment	-	(1,722)	(1,821)
Net change in book overdraft	5,003	(4,613)	4,872
Proceeds from exercise of employee stock plans	3,616	5,256	3,238
Dividends paid	(14,181)	(12,552)	(12,002)
Debt issuance costs	(645)	(150)	-
Windfall tax benefit	349	1,171	378
Other	(723)	1,444	5,950
Cash provided by (used in) financing activities of continuing operations	75,055	(56,452)	12,350
Cash provided by (used in) financing activities of discontinued operations	-	(4,744)	(3,954)
Cash provided by (used in) financing activities	75,055	(61,196)	8,396
Net increase (decrease) in cash and cash equivalents	(64,440)	60,556	(475)
Effect of exchange rate changes on cash and cash equivalents	(1,297)	622	197
Cash and cash equivalents at beginning of period	73,898	12,720	12,998
Cash and cash equivalents at end of period	\$ 8,161	\$ 73,898	\$ 12,720

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, intangibles and goodwill; valuation allowances for receivables, inventories and deferred income tax assets; valuation of share-based compensation and vendor incentives; and assets and obligations related to employee benefits, estimates of environmental remediation costs and accounting for long-term contracts. Actual results could differ from those estimates.

Foreign Currency Translation

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

Concentration of Credit Risk

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of trade accounts receivable. The carrying amounts of these items as well as trade accounts payable and notes payable approximate fair value due to the short-term maturity of these instruments. The Helicopters segment had one customer, the Commonwealth of Australia, which accounted for 23.3% and 25.8% of the consolidated accounts receivable balance as of December 31, 2008 and 2007, respectively. During 2008, the Company and the Commonwealth of Australia terminated the SH-2G(A) Super Seasprite program on mutually agreed terms. As part of this termination agreement the accounts receivable balance, totaling \$40,572 as of December 31, 2008, will be eliminated in connection with the transfer of the Australian program inventory and equipment to the Company. See Note 18, Commitments and Contingencies, for further discussion. No individual customer accounted for more than 10% of consolidated net sales. Foreign sales were approximately 14.9%, 14.0% and 13.6% of the company's net sales in 2008, 2007 and 2006, respectively, and are concentrated in the United Kingdom, Canada, Australia, Germany, Mexico, and Asia.

Additional Cash Flow Information

Non-cash investing activities in 2008 include \$2,360 in costs related to the acquisitions made by the Company's Industrial Distribution segment as well as the purchase of the NAVAIR property for \$10,258, which represents the assumption of the associated environmental remediation costs. See Note 11, Environmental Costs, for further discussion. There were no non-cash investing activities in 2007.

Non-cash financing activities in 2008 include an adjustment to other comprehensive income related to the under funding of the pension and SERP plans. The total adjustment was \$121,235, net of tax of \$74,279. Non-cash financing activities in 2007 and 2006 include the conversion of 14,668 debentures in 2007 and 301 debentures in 2006 into 627,873 and 12,781 shares of common stock, respectively. In 2007, we recorded an adjustment to other comprehensive income related to the overfunding of our pension plan, offset to some extent by an underfunding of our SERP. The total adjustment to other comprehensive income in 2007 was \$27,889, net of tax of \$17,163. For 2006, we had an underfunding of our pension and SERP of \$415, net of tax of \$255. We describe our pension obligations in more detail in Note 16, Pension Plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Revenue is recognized on bill and hold arrangements only when the following criteria are met: risk of ownership has passed to the buyer; a fixed written commitment has been provided by the buyer; the goods are complete and ready for shipment; the goods are segregated from inventory; no performance obligations remain; and a schedule for delivery of the goods has been established.

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

As of December 31, 2008 and 2007, approximately \$1,785 and \$518 of pre-contract costs were included in inventory, which represented 0.7% and 0.2% of total inventory, respectively. Pre-contract costs incurred for items such as materials or tooling for anticipated contracts are included in inventory if recovery of such costs is considered probable. Thereafter, if the Company determines it will not be awarded an anticipated contract and the associated pre-contract costs cannot be applied to another program the costs are expensed immediately. Learning or start-up costs incurred in connection with existing or anticipated follow-on contracts are charged to the existing contract unless the terms of the contract permit recovery of these costs over a specific contractual term and provide for reimbursement if the contract is cancelled.

If it is probable that a claim with respect to unapproved change orders will result in additional contract revenue and the amount of such additional revenue can be reliably estimated, then the additional contract revenue is considered in our accounting for the program, but only if the contract provides a legal basis for the claim, the additional costs were unforeseen and not caused by deficiencies in our performance, the costs are identifiable and reasonable in view of the work performed and the evidence supporting the claim is objective and verifiable. If these requirements are met, the claim portion of the program is accounted for separately to ensure revenue from the claim is recorded only to the extent claim related costs have been incurred; accordingly, no profit with respect to such costs is recorded until the change order is formally approved. If these requirements are not met, the forecast of total contract cost at completion (which is used to calculate the gross margin rate) for the basic contract is increased to include all incurred and anticipated claim related costs.

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

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales includes costs of products and services sold (i.e., purchased product, raw material, direct labor, engineering labor, outbound freight charges and indirect and overhead charges). Selling expenses primarily consist of advertising, promotion, bid and proposal, employee payroll and corresponding benefits and commissions paid to sales and marketing personnel. General and administrative expenses primarily consist of employee payroll including executive, administrative and financial personnel and corresponding benefits, incentive compensation, independent research and development, consulting expenses, warehousing costs, depreciation and amortization. The Helicopters, Precision Products and Aerostructures segments include general and administrative expenses as an element of program cost and inventory for certain government contracts.

Certain inventory related costs, including purchasing costs, receiving costs and inspection costs, for the Industrial Distribution segment are not included in the cost of sales line item. For the years ended December 31, 2008, 2007 and 2006, \$2,669, \$2,877 and \$2,746, respectively, of such costs are included in general and administrative expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term cash investments. These investments are liquid in nature and have original maturities of three months or less. Book overdraft positions, which occur when total outstanding issued checks exceed available cash balances at a single financial institution at the end of each reporting period, are reclassified to accounts payable within the consolidated balance sheets. At December 31, 2008 and 2007, the Company had book overdrafts of \$13,694 and \$8,045, respectively, classified in accounts payable.

Accounts Receivable

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

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

Inventories

Inventory of merchandise for resale is stated at cost (using the average costing method) or market, whichever is lower. Contracts and other work in process and finished goods are valued at production cost represented by raw material, labor and overhead. Initial tooling and startup costs may be included, where applicable. Contracts and other work in process and finished goods are not reported at amounts in excess of net realizable values. The Company includes raw material amounts in the contracts in process and other work in process balances. Raw material includes certain general stock materials but primarily relates to purchases that were made in anticipation of specific programs for which production has not been started as of the balance sheet date. The total amount of raw material included in these work in process amounts is less than 5% of the total inventory balance.

Property, Plant and Equipment

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

In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", ("SFAS 144"), long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Other Intangible Assets

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a purchase business combination. Goodwill is reviewed for impairment at least annually in accordance with the provisions of Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets”, (“SFAS 142”). The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit’s goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation, in accordance with Statement of Financial Accounting Standards No. 141, “Business Combinations”, (“SFAS 141”). The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. Goodwill and intangible assets with indefinite lives are evaluated for impairment in the fourth quarter, based on initial annual forecast information. Intangible assets with finite lives are amortized using the straight-line method over their estimated period of benefit, which generally ranges from 10 to 20 years. The goodwill and other intangible assets are also reviewed for possible impairment whenever changes in conditions indicate that the fair value of a reporting unit is below its carrying value. See Note 9, Goodwill and Other Intangible Assets, Net, for discussion of the goodwill impairment charge taken during the second quarter of 2008. Based upon the annual impairment assessment, there were no additional goodwill or intangible asset impairments at December 31, 2008, 2007 or 2006.

Product Warranty Costs

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

Vendor Incentives

The Company’s Industrial Distribution segment enters into agreements with certain vendors providing for inventory purchase incentives that are generally earned and recognized upon achieving specified volume-purchasing levels. The company recognizes rebate income relative to specific rebate programs as a reduction of the cost of inventory based on a systematic and rational allocation of the cash consideration offered to each of the underlying transactions that results in progress toward earning the rebate, provided that the amounts are probable and reasonably estimable. As of December 31, 2008 and 2007, total vendor incentive receivables, included in other current assets, was approximately \$9,200 and \$9,400, respectively.

Self-Insured Retentions

The Company is self-insured for certain losses related to health, workers’ compensation, auto and product general liability claims. However, the Company obtains third-party insurance coverage to limit its exposure to these claims. The total liability for workers’ compensation is limited to \$350 per claim and for product/general liability and auto liability the limit is \$250 per claim. The cost of such benefits is recognized as expense based on claims filed in each reporting period and an estimate of claims incurred but not reported (“IBNR”) during such period. The estimates for the cost of the claims are based upon information provided to us by the claims administrators and are periodically revised to reflect changes in loss trends. The IBNR estimate is based upon historical trends. These amounts are included in other accruals and payables on the consolidated balance sheets.

Liabilities associated with these claims are estimated in part by considering historical claims experience, severity factors and other actuarial assumptions. Projections of future losses are inherently uncertain because of the random nature of insurance claim occurrences and changes that could occur in actuarial assumptions. Such self-insurance accruals will likely include claims for which the ultimate losses will be settled over a period of years.

Research and Development

Research and development costs not specifically covered by contracts are charged against income as incurred and included in selling, general and administrative expenses. Such costs amounted to \$4,194, \$3,303 and \$3,279 in 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Share-Based Payment Arrangements

In 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment, ("SFAS 123(R)"). In accordance with SFAS 123(R), the Company records compensation expense for share-based awards based upon an assessment of the grant date fair value of the awards. The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model. A number of assumptions are used to determine the fair value of options granted. These include expected term, dividend yield, volatility of the options and the risk free interest rate. The Company used the modified prospective method of adoption, which allowed it to apply SFAS 123(R) on a going-forward basis rather than restating prior periods.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates. To account for its derivative financial instruments, the Company follows the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended by Statement of Financial Accounting Standards No. 137 and Statement of Financial Accounting Standards No. 138" ("SFAS 133"). Derivative financial instruments are recognized on the consolidated balance sheets as either assets or liabilities and are measured at fair value. Changes in fair value of derivatives are recorded each period in earnings or accumulated other comprehensive income, depending on whether a derivative is effective as part of a hedge transaction. Gains and losses on derivative instruments reported in accumulated other comprehensive income are subsequently included in earnings in the periods in which earnings are affected by the hedged item.

Pension Accounting

The Company accounts for its defined benefit plans under Statement of Financial Accounting Standards No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements Nos. 87, 88, 106, and 132(R)" ("SFAS 158"). SFAS 158 requires companies to recognize the overfunded or underfunded status of their defined benefit plans, calculated as the difference between the plan assets and the projected benefit obligation, as an asset or liability in their balance sheet, with changes in the funded status recognized through comprehensive income in the year in which they occur.

Recent Accounting Standards

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS 161"). Under this standard, companies with derivative instruments are required to disclose information that enables financial statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133, and how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows. The new standard must be applied prospectively for interim periods and fiscal years beginning after November 15, 2008. The company does not anticipate that the adoption of this standard will have a material impact on our financial results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Recent Accounting Standards (continued)**

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), “Business Combinations” (“SFAS 141(R)”). The objective of this Statement is to improve the relevance and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS 141(R) establishes principles and requirements for how the acquirer (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The potential impact of SFAS 141(R) on our consolidated financial position, results of operations and cash flows will be dependent upon the terms, conditions and details of such acquisitions.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, “Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51” (“SFAS 160”). The objective of SFAS 160 is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements. This Statement amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. Since we currently do not have any minority interest investments, we do not expect SFAS 160 will have an impact on our consolidated financial position, results of operations or cash flows.

2. DISCONTINUED OPERATIONS

In December 2007, the Company completed its sale of all of the capital stock of its wholly owned subsidiary, Kaman Music Corporation, to Fender Musical Instruments Corporation (“FMIC” or “Fender”). Pursuant to the terms of the stock purchase agreement, as amended, Kaman received \$119,500 in cash, which includes the purchase price of \$117,000 and certain working capital and cash adjustments made at closing as set forth in the stock purchase agreement. The purchase price was subject to additional specified post-closing purchase price adjustments. The total pre-tax gain net of transaction costs was \$18,571. The company used a portion of the proceeds to pay down the majority of its outstanding indebtedness and the remainder to further its long-term strategies.

This segment qualified as an asset group to be disposed of under the provisions of SFAS No. 144. As a result, the company has reported the results of operations and consolidated financial position of this segment as discontinued operations within the consolidated financial statements for all periods presented.

The following tables provide information regarding the results of discontinued operations:

	For the year ended December 31,		
	2008	2007	2006
Net sales of discontinued operations	\$ -	\$ 214,091	\$ 214,732
Income from discontinued operations	-	12,465	11,555
Other income (expense) from discontinued operations	-	98	63
Earnings from discontinued operations before income taxes	-	12,563	11,618
Provision for income taxes	-	(4,673)	(4,475)
Net earnings from discontinued operations before gain on disposal	\$ -	\$ 7,890	\$ 7,143
Gain on disposal of discontinued operations	506	18,065	-
Provision for income taxes on gain	(14)	(6,527)	-
Net gain on disposal	492	11,538	-
Net earnings from discontinued operations	<u>\$ 492</u>	<u>\$ 19,428</u>	<u>\$ 7,143</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

3. ACQUISITIONS AND DIVESTITURES

During 2008, the Company acquired three businesses, which were accounted for as purchase transactions. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on estimates of fair value. The excess of the purchase price over the fair value of the net assets acquired, including intangible assets, has been allocated to goodwill. The purchase accounting for these acquisitions is preliminary. The operating results for Brookhouse, Industrial Supply Corp ("ISC") and Industrial Rubber & Mechanics Inc. ("INRUMEC") have been included in our consolidated financial statements from the date of acquisition. Below is a discussion of the each of the acquisitions:

- On March 31, 2008, the Company's Industrial Distribution segment acquired the stock of ISC, a distributor of power transmission, fluid power, material handling and industrial MRO supply products to such diverse markets as ship building, printing, machinery, transportation, electronics, pharmaceutical, rubber, chemicals and food processing. In addition to its Richmond facility, ISC consisted of five other branches located in Norfolk, Roanoke and Waynesboro, Virginia, and in Wilson and High Point, North Carolina.
- On June 12, 2008, the Company's Aerostructures segment acquired the stock of Brookhouse Holdings Limited, a leader in the design and manufacture of composite aerostructures, aerospace tooling, and repair and overhaul services based in Darwen, Lancashire, United Kingdom. The acquisition further diversifies our platform positions in both the military and commercial markets, and significantly enhances our position in the higher-growth markets for composite structures.
- On October 7, 2008, the Company's Industrial Distribution segment acquired the stock of INRUMEC of Puerto Rico. INRUMEC is a distributor of fluid power products; industrial and hydraulic hoses; belting and conveyer systems; pipe, tube, fittings and valves; and packaging machinery to such diverse markets as food, beverage, pharmaceutical, cement and aggregate. INRUMEC is also a manufacturer of hydraulic hose assemblies for the same end markets. INRUMEC has a branch and regional distribution facility in Gurabo as well as branches located in Bayamón, Ponce and Mayaguez.

During 2007 the Company purchased the remaining minority interest in Delamac de Mexico S.A. de C.V. ("Delamac") for \$462. In addition, the Company sold the Precision Products segment's 40mm assets, comprised principally of equipment and inventory. These assets were sold to DSE, Inc., former owner of the Precision Products, Inc. - Orlando operation ("KPP Orlando"), previously Dayron. The total sales price was \$7,018, consisting of cash of \$5,504 and offsets of acquisition earn out liabilities associated with the Company's purchase of KPP Orlando in 2002, a portion of which was being withheld pending the resolution of the warranty matter relative to the FMU-143 program. (See Note 18, Commitment and Contingencies, for further discussion.) In 2007, the Company recorded a gain on the sale of the assets of \$2,570. In 2008, additional consideration of \$472 was received in the form of offsets against earn out payments due to DSE, Inc. as a result of Precision Products, Inc. achieving certain milestones and therefore in 2008 Precision Products recorded an additional \$472 gain on the sale of the 40mm assets.

In 2007, the Company completed its sale of all of the capital stock of its wholly owned subsidiary, Kaman Music Corporation, to FMIC. See Note 2, Discontinued Operations, for discussion of Kaman Music Corporation sale.

The Company incurred costs of \$106,131, \$3,238 and \$1,752 for the acquisition of businesses during 2008, 2007 and 2006, respectively. Included in these acquisition costs are contingency payments to the former owners of KPP Orlando. These payments are based on the attainment of certain milestones, and over the term of the agreement could total \$25,000. These contingency payments are recorded as additional goodwill and totaled \$944, \$2,776 and \$1,751 during 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

	At December 31,	
	2008	2007
Trade receivables	\$ 77,071	\$ 74,057
U.S. Government contracts:		
Billed	29,088	20,852
Costs and accrued profit – not billed	2,450	6,190
Commercial and other government contracts:		
Billed	26,845	17,740
Costs and accrued profit – not billed	40,565	41,407
Less allowance for doubtful accounts	(2,172)	(1,811)
Total	<u>\$ 173,847</u>	<u>\$ 158,435</u>

On March 19, 2008, the Company and the Commonwealth of Australia reached an agreement relative to the termination of the SH-2G(A) Super Seasprite Program. The unbilled receivables associated with the SH-2G(A) program were \$40,572 and \$40,789 as of December 31, 2008 and 2007, respectively, and the balance of amounts received as advances on this contract were \$8,531 and \$7,511 as of December 31, 2008 and 2007, respectively. These balances, totaling a net \$32,041, as of December 31, 2008, will be eliminated in connection with the transfer of the Australian program inventory and equipment to the Company. Additional detail relative to this agreement is provided in Note 18, Commitments and Contingencies.

5. FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS 157”), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company’s adoption of SFAS No. 157 did not have a material impact on its consolidated financial statements. FASB Staff Position (“FSP”) SFAS No. 157-2 delayed the effective date of SFAS 157 for all nonfinancial assets and liabilities until January 1, 2009, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Total Carrying Value at December 31, 2008	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative instruments.	\$ 991	\$ -	\$ 991	\$ -

The Company's derivative instruments are limited to foreign exchange contracts that are measured at fair value using observable market inputs such as forward rates and our counterparties' credit risks. Based on these inputs, the derivative instruments are classified within Level 2 of the valuation hierarchy and have been included in other current assets and other assets on the Consolidated Balance Sheet at December 31, 2008. Based on the continued ability to trade securities and enter into forward contracts, we consider the markets for our fair value instruments to be active.

The Company undertook an evaluation of the credit risk associated with the counterparties to these derivative instruments and determined that as of December 31, 2008, such credit risks have not had an adverse impact on the fair value of these instruments.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" ("SFAS 159"), which is effective for fiscal years beginning after November 15, 2007. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option is elected would be reported in earnings. We have adopted SFAS 159, but have elected not to measure any additional financial instruments and other items at fair value.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Cash Flow Hedges

During 2008, the Company entered into forward exchange contracts for the purpose of hedging two forecasted transactions denominated in foreign currencies. The larger of these transactions is related to the future payment to the Commonwealth of Australia upon the sale of the 11 SH-2G(A) Super Seasprite helicopters (along with spare parts and associated equipment), which will be returned to the Company as a result of the termination of the Australia SH-2G(A) Program. See Note 18, Commitments and Contingencies, and Note 22, Subsequent Events, for further discussion of the termination of this program.

At December 31, 2008, the fair value of derivative instruments recorded as assets was \$991, and \$1,297 in unrealized gains had been recorded to accumulated other comprehensive income. Of the amount recorded in accumulated other comprehensive income, a \$159 pre-tax gain is expected to be reclassified into cost of goods sold to reflect the fixed prices obtained from hedging within the next 12 months. Losses recognized in earnings related to the ineffectiveness of cash flow hedges during 2008 were \$306 and have been included in non-operating income in the consolidated statements of operations. All open derivative contracts accounted for as cash flow hedges mature by March 14, 2013.

In connection with the acquisition of Brookhouse, the Company assumed foreign currency hedge contracts originally intended to hedge forecasted cash flows on a significant U.S. dollar denominated contract. During the third quarter of 2008, the Company determined that these hedges were ineffective due to a significant shift in the timing of the forecasted cash flows. Therefore, the Company cancelled the contracts, resulting in a loss of \$1,587. This loss has been included in non-operating income in the consolidated statements of operations.

Hedges of the Net Investment in Foreign Operations

The Company also maintains a euro note, which is part of the revolving credit facility, which qualifies and has been designated as an effective hedge against the Company's investment in its German subsidiary (RWG). The Company has recorded a gain in its cumulative translation adjustment of \$605 for the year ended December 31, 2008, and a loss in its cumulative translation adjustment of \$1,161 and \$1,094 for the years ended December 31, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

7. INVENTORIES

Inventories consist of the following:

	At December 31,	
	2008	2007
Merchandise for resale	\$ 106,757	\$ 93,949
Contracts in process:		
U.S. Government, net of progress payments of \$28,029		
and \$29,758 in 2008 and 2007, respectively	65,424	62,116
Commercial and other government contracts	34,587	19,344
Other work in process (including certain general stock materials)	30,288	21,544
Finished goods (including certain general stock materials)	18,761	13,388
Total	<u>\$ 255,817</u>	<u>\$ 210,341</u>

K-MAX® inventory of \$23,593 and \$19,568 is included in other work in process and finished goods as of December 31, 2008 and 2007, respectively. The increase in the inventory balance was due to the purchase of a used aircraft for \$4,664 during the first quarter of 2008. Management believes that a significant portion of this K-MAX inventory will be sold after one year, based upon the anticipation of supporting the fleet for the foreseeable future.

The aggregate amounts of general and administrative costs charged to inventory for the Aerostructures, Precision Products and Helicopters segments during 2008, 2007 and 2006 were \$41,257, \$35,500, and \$32,997, respectively. The estimated amounts of general and administrative costs remaining in contracts in process at December 31, 2008 and 2007 are \$6,324 and \$6,680, respectively, and are based on the ratio of such costs to total costs of production.

The company had Industrial Distribution segment inventory of \$5,457 and \$3,313 as of December 31, 2008 and 2007, respectively, on consignment at customer locations.

8. PROPERTY, PLANT AND EQUIPMENT, NET

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

	At December 31,	
	2008	2007
Land	\$ 9,448	\$ 4,457
Buildings	40,115	34,007
Leasehold improvements	14,889	14,311
Machinery, office furniture and equipment	124,382	110,870
Total	188,834	163,645
Less accumulated depreciation	(109,358)	(110,000)
Property, plant and equipment, net	<u>\$ 79,476</u>	<u>\$ 53,645</u>

Excess capacity and related costs, attributable to the Helicopters segment, of \$961, \$1,284 and \$2,424 for 2008, 2007 and 2006, respectively, were included in cost of sales.

Depreciation expense was \$11,375, \$9,510 and \$8,497 for 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

9. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following table sets forth the change in the carrying amount of goodwill for each reportable segment and for the Company for the year ended December 31, 2008:

	Balance at December 31, 2007	Additions (1)	Impairments	Foreign Currency Adjustments	Balance at December 31, 2008
Aerostructures	\$ 7,810	\$ 44,860	\$ (7,810)	\$ (10,615)	\$ 34,245
Precision Products	25,865	944	-	-	26,809
Helicopters	-	-	-	-	-
Specialty Bearings	8,013	-	-	(1,088)	6,925
Subtotal Aerospace	41,688	45,804	(7,810)	(11,703)	67,979
Industrial Distribution	4,305	11,310	-	-	15,615
Total	\$ 45,993	\$ 57,114	\$ (7,810)	\$ (11,703)	\$ 83,594

(1) See Note 3, Acquisitions and Divestitures, for discussion of acquisitions during 2008.

During the second quarter of 2008, our Aerostructures Wichita, Kansas facility continued to experience production and quality issues, which, along with circumstances unique to each contract, resulted in the separate termination of two long-term contracts with Spirit AeroSystems and Shenyang Aircraft Corporation. These contracts, which represented significant work for the facility, were both loss contracts. In accordance with SFAS 142, the Company tests goodwill for potential impairment annually as of December 31 and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Due to the loss of the two major contracts as well as the continuing production and quality issues, the Company performed a goodwill impairment analysis for this reporting unit as of June 27, 2008.

The Company evaluated goodwill for impairment using the two-step process prescribed in SFAS 142. The process of evaluating goodwill for impairment involves the determination of the fair value of the reporting unit and is based on several valuation methods including the market approach and income approach. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including our interpretation of current economic indicators and market valuations, and assumptions about our strategic plans with regard to the operations of our reporting units.

Although the Company believes it is working through the production issues at the Aerostructures Wichita facility, its carrying value had increased significantly during the second quarter of 2008. This, combined with the loss of two long-term contracts and the quality and production issues at the facility, created a situation in which the estimated fair value of this reporting unit (the legal entity Plastic Fabricating Company, Inc.) was less than its carrying value. The resulting total non-cash goodwill impairment charge was \$7,810, which represented the entire goodwill balance for this reporting unit prior to the charge. This charge is not deductible for tax purposes and represents a discrete item impacting our 2008 effective tax rate.

Other Intangible Assets

Other intangible assets consisted of:

	At December 31,			
	2008		2007	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other intangible assets:				
Customer lists/relationships	\$ 28,099	\$ (809)	\$ -	\$ -
Trademarks / trade names	924	(201)	-	-
Patents	828	(630)	813	(618)
Total	\$ 29,851	\$ (1,640)	\$ 813	\$ (618)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

9. GOODWILL AND OTHER INTANGIBLE ASSETS, NET (CONTINUED)**Other Intangible Assets (continued)**

Amortization periods for intangible assets range from 2 to 21 years.

Intangible asset amortization expense was \$1,142, \$39 and \$64 in 2008, 2007 and 2006, respectively. Amortization expense for each of the next five years is expected to approximate \$1,740 per year.

10. ACCRUED CONTRACT LOSSES

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

	<u>2008</u>	<u>2007</u>
Balance at January 1	\$ 9,513	\$ 11,542
Additions to loss accrual	7,950	9,561
Costs incurred	(7,400)	(11,236)
Release to income	(349)	(354)
Balance at December 31	<u>\$ 9,714</u>	<u>\$ 9,513</u>

The additions in 2008 related primarily to several programs that were awarded to the Aerostructures segment over the past few years. The largest amount related to additional costs for tooling on the Sikorsky TRP program. Additionally, the Precisions Products segment incurred contract losses on some of the JPF work performed for the United States Government ("USG"). This program is expected to become more profitable as we continue to sell to foreign allied militaries.

During 2008, the Company recorded no additional pretax charges for the Helicopters segment's SH-2G(A) Super Seasprite program compared to additions of \$6,414 in 2007. During 2008, the Company and the Commonwealth of Australia terminated the SH-2G(A) Super Seasprite program on mutually agreed terms. As a result of this termination agreement, the remaining accrued contract loss at December 31, 2008, of \$6,719 will be eliminated in connection with the transfer of the Australian program inventory and equipment to the Company. This matter is discussed more fully in Note 18, Commitments and Contingencies.

11. ENVIRONMENTAL COSTS

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

	<u>2008</u>	<u>2007</u>
Balance at January 1	\$ 4,705	\$ 2,698
Additions to accrual	12,982	2,568
Payments	(1,551)	(561)
Balance at December 31	<u>\$ 16,136</u>	<u>\$ 4,705</u>

In August 2008, the Company completed its purchase of the portion of the Bloomfield campus that Kaman Aerospace Corporation (of which the Helicopters segment forms a part) had leased from NAVAIR for many years. In connection with the purchase, the Company has assumed responsibility for environmental remediation at the facility as may be required under the Connecticut Transfer Act (the "Transfer Act") and it continues the effort to define the scope of the remediation that will be required by the Connecticut Department of Environmental Protection (CTDEP). The transaction was recorded by taking the undiscounted remediation liability of \$20,768 and discounting it at a rate of 8% to its present value. The fair value of the Navy Property asset, which approximates the discounted present value of the assumed environmental liability of \$10,258, has been included in Property, Plant and Equipment as of December 31, 2008. This remediation process will take many years to complete.

The accrual also includes estimated ongoing environmental remediation costs for the idle Moosup, CT facility and environmental remediation costs that we expect to incur at the former Music segment's New Hartford, Connecticut facility. Additionally, the Company accrued \$2,399 for environmental compliance at our recently acquired Brookhouse facilities. This accrual may change as the results from our environmental audits are completed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

12. CREDIT ARRANGEMENTS – SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Revolving Credit Agreement

As of December 31, 2008, the Company had a \$200,000 revolving credit facility (Revolving Credit Agreement), expiring August 4, 2010. The facility includes the availability of funding in foreign currencies as well as an “accordion” feature that provides the Company the opportunity to request, subject to bank approval, an expansion of up to \$50,000 in the overall size of the facility. As of December 31, 2008, there was \$129,371 available for borrowing under the Revolving Credit Agreement. Letters of credit are generally considered borrowings for purposes of the Revolving Credit Agreement.

The financial covenants associated with the current credit facility include a requirement that the company have i) EBITDA at least equal to 300% of net interest expense on the basis of a rolling four quarters and ii) a ratio of consolidated total indebtedness to total capitalization of not more than 55%. The agreement also incorporates a financial covenant which provides that if the Company's EBITDA to net interest expense ratio is less than 6 to 1, the ratio of i) accounts receivable and inventory for certain Kaman subsidiaries to ii) the Company's consolidated total indebtedness cannot be less than 1.6 to 1. For each outstanding credit facility as of December 31, 2008, 2007 and 2006, the Company was in compliance with its debt covenants.

In 2008 and 2007, the Company incurred \$645 and \$150, respectively, in debt issuance costs. These costs have been capitalized and are being amortized on a straight-line basis over the term of the facility. Total amortization expense for 2008, 2007 and 2006 was \$235, \$204 and \$165, respectively.

Term Loan

On October 29, 2008, the Company and The Bank of Nova Scotia, Bank of America, N.A., Fifth Third Bank, and RBS Citizens, N.A. (collectively the “Banks”) executed a Term Loan Credit Agreement (Term Loan Agreement). The Term Loan Agreement, which is in addition to the Revolving Credit Agreement, is a \$50,000 facility with a four-year term, including quarterly payments of principal at the rate of 2.5% with 62.5% of the initial aggregate principal payable in the final quarter. The Company may increase the term loan, up to an aggregate of \$50,000 with additional commitments from Banks or new commitments from acceptable financial institutions. Additionally, the covenants required of the Company are the same as those in place under the Revolving Credit Agreement. In conjunction with this agreement, the current Revolving Credit Agreement was amended to acknowledge the existence of the Term Loan Credit Agreement and adopt certain provisions of the Term Loan Credit Agreement. As of December 31, 2008, \$50,000 was outstanding under the Term Loan Agreement.

Short-Term Borrowings

In addition to the Revolving Credit Agreement and the Term Loan Agreement, the Company also has certain other credit arrangements to borrow funds on a short-term basis with interest at current market rates. Short-term borrowings outstanding under such other credit arrangements as of December 31, 2008 and 2007 were \$1,241 and \$1,680, respectively. The weighted average interest rate on short-term borrowings for 2008 and 2007 was 4.82% and 6.10%, respectively.

Long-Term Debt

The company has long-term debt as follows:

	At December 31,	
	2008	2007
Revolving credit agreement	\$ 42,924	\$ 11,194
Term loan	50,000	-
Total	92,924	11,194
Less current portion	5,000	-
Total excluding current portion	\$ 87,924	\$ 11,194

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

12. CREDIT ARRANGEMENTS – SHORT-TERM BORROWINGS AND LONG-TERM DEBT (CONTINUED)

Long-Term Debt (continued)

The weighted average interest rate on long-term borrowings outstanding as of December 31, 2008 and 2007 was 4.15% and 6.19%, respectively.

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

2009	\$ 5,000
2010	47,924
2011	5,000
2012	35,000
2013	-

Certain Letters of Credit

The face amounts of irrevocable letters of credit issued under the Revolving Credit Agreement totaled \$27,705 and \$26,916 at December 31, 2008 and 2007, respectively. Of those amounts, \$20,436 at December 31, 2008 and 2007 is attributable to the Australian SH-2G(A) Super Seasprite program.

Convertible Subordinated Debentures

The company issued its 6% Convertible Subordinated Debentures during 1987. The debentures were convertible into shares of the common stock of Kaman Corporation at any time on or before March 15, 2012 at a conversion price of \$23.36 per share at the option of the holder unless previously redeemed by the company. The debentures were subordinated to the claims of senior debt holders and general creditors.

On November 26, 2007, the Company issued a redemption notice calling for full redemption on December 20, 2007 of all \$11,164 of its remaining outstanding 6% Convertible Subordinated Debentures due 2012 at a redemption price of 100% of principal amount plus accrued interest to December 20, 2007. From the date of the announcement to the date prior to the redemption, holders converted 10,985 debentures, with a value of \$10,985, into an aggregate of 470,226 shares of the Company's common stock. There were additional conversions during 2007 prior to the redemption announcement of 3,683 debentures for 157,647 shares of common stock. On December 20, 2007, the Company paid \$179 for the redemption of 179 debentures. Additionally, as a result of this redemption, the company expensed the remaining deferred debenture related charges of \$116. There were no debentures outstanding at anytime during 2008.

Interest Payments

Cash payments for interest were \$3,429, \$6,929 and \$6,584 for 2008, 2007 and 2006, respectively.

13. ADVANCES ON CONTRACTS

Advances on contracts include customer advances together with customer payments and billings associated with the achievement of certain contract milestones in excess of costs incurred, primarily for the Australian SH-2G(A) helicopter contract. During 2008, the Company and the Commonwealth of Australia terminated the SH-2G(A) Super Seasprite program on mutually agreed terms. As part of this termination agreement, these balances, totaling a net \$8,531 as of December 31, 2008, will be eliminated in connection with the transfer of the Australian program inventory and equipment to the Company. See Note 18, Commitments and Contingencies, for further discussion of this termination agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

14. PRODUCT WARRANTY COSTS

Changes in the carrying amount of accrued product warranty costs, included in Other Accruals and Payables, for 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Balance at January 1	\$ 1,087	\$ 2,028
Warranty costs incurred	(86)	(282)
Product warranty accrual	127	105
Release to income	(55)	(764)
Balance at December 31	<u>\$ 1,073</u>	<u>\$ 1,087</u>

The Company has been working to resolve two warranty-related matters at KPP Orlando. The first issue involves a supplier's recall of a switch embedded in certain bomb fuzes. The second warranty issue involves bomb fuzes manufactured for the U. S. Army utilizing systems which originated before this entity was acquired by the Company that have since been found to contain an incorrect part. The net reserve as of December 31, 2008 related to these two matters is \$1,032. This matter is more fully discussed in Note 18, Commitments and Contingencies.

The remainder of the accrual as of December 31, 2008 relates to routine warranty rework at our various segments.

In December 2007, the Company reversed the remaining warranty accrual, \$677, established in anticipation of costs to be incurred in connection with the replacement of certain non-conforming aircraft panels manufactured by our Aerostructures Wichita facility. Management believes it is unlikely that the Company will incur any additional costs for this warranty matter.

15. INCOME TAXES

The components of income tax expense (benefit) associated with earnings from continuing operations are as follows:

	<u>For the year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current:			
Federal	\$ 10,628	\$ 20,062	\$ 12,773
State	1,287	1,956	1,700
Foreign	2,083	2,261	2,510
	<u>13,998</u>	<u>24,279</u>	<u>16,983</u>
Deferred:			
Federal	9,087	(2,730)	(757)
State	1,092	(656)	(102)
Foreign	(118)	143	(107)
	<u>10,061</u>	<u>(3,243)</u>	<u>(966)</u>
Total	<u>\$ 24,059</u>	<u>\$ 21,036</u>	<u>\$ 16,017</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

15. INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are presented below:

	At December 31,	
	2008	2007
Deferred tax assets:		
Long-term contracts	\$ 3,643	\$ 3,839
Deferred employee benefits	81,227	13,534
Inventory	9,728	9,357
Environmental	5,844	1,714
Tax loss and credit carry-forwards	9,407	9,018
Accrued liabilities and other taxes	4,061	4,811
Total deferred tax assets	113,910	42,273
Deferred tax liabilities:		
Fixed assets	(8,624)	(2,824)
Intangibles	(11,714)	(3,125)
Other items	(721)	(259)
Total deferred tax liabilities	(21,059)	(6,208)
Net deferred tax assets before valuation allowance	92,851	36,065
Valuation allowance	(5,000)	(3,946)
Net deferred tax assets after valuation allowance	\$ 87,851	\$ 32,119

Valuation allowances of \$5,000 and \$3,946 at December 31, 2008 and 2007, respectively, reduced the deferred tax asset attributable to foreign loss and state loss and credit carry-forwards to an amount that, based upon all available information, is more likely than not to be realized. Reversal of the valuation allowance is contingent upon the recognition of future taxable income in the respective jurisdictions or changes in circumstances which cause the realization of the benefits of the loss carry-forwards to become more likely than not. The net increase in the valuation allowance of \$1,054 is due to the generation of \$1,734 in U.S. state and Canadian loss and tax credit carry-forwards, offset by utilization of \$68 of state carry-forwards, expiration of \$358 of state and Canadian carry-forwards, and a reduction of \$254 due to tax rate reductions and foreign exchange differences.

Canadian tax loss carry-forwards are approximately \$1,565, with \$894 expiring between 2009 and 2010 and the balance in 2028. State carry-forwards are in numerous jurisdictions with varying lives. U.S. foreign tax credit carry-forwards of \$3,794 expire between 2014 and 2018.

No valuation allowance has been recorded against the other deferred tax assets because the company believes that these deferred tax assets will, more likely than not, be realized. This determination is based largely upon the company's earnings history, anticipated future taxable income, foreign-source income, and its ability to carry-back reversing items within two years to offset taxes paid. In addition, the company has the ability to offset deferred tax assets against deferred tax liabilities created for such items as depreciation and amortization.

Pre-tax income from foreign operations amounted to \$5,375, \$4,978 and \$4,656 in 2008, 2007 and 2006, respectively. Income taxes have not been provided on undistributed earnings of \$14,846 from foreign subsidiaries since it is the Company's intention to permanently reinvest such earnings or to distribute them only when it is tax efficient to do so. It is impracticable to estimate the total tax liability, if any, which would be created by the future distribution of these earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

15. INCOME TAXES (CONTINUED)

The provision for income taxes associated with earnings from continuing operations differs from that computed at the federal statutory corporate tax rate as follows:

	For the year ended December 31,		
	2008	2007	2006
Federal tax at 35% statutory rate	\$ 20,708	\$ 20,134	\$ 14,231
State income taxes, net of federal benefit	1,547	744	1,118
Tax effect of:			
Compensation	-	191	1,311
Goodwill impairment	2,733	-	-
Other, net	(929)	(33)	(643)
Income taxes	<u>\$ 24,059</u>	<u>\$ 21,036</u>	<u>\$ 16,017</u>

On January 1, 2007, the Company adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. On December 31, 2008 and 2007, the total liability for unrecognized tax benefits was \$2,585 and \$3,645, respectively (including interest and penalties of \$286 and \$561, respectively). The change in the liability for 2008 and 2007 is explained as follows:

	2008	2007
Balance at January 1	\$ 3,645	\$ 5,118
Additions based on current year tax positions	133	80
Changes for tax positions of prior years	56	(235)
Settlements	(1,103)	(392)
Reductions due to lapses in statutes of limitation	(146)	(926)
Balance at December 31	<u>\$ 2,585</u>	<u>\$ 3,645</u>

Included in unrecognized tax benefits at December 31, 2008 were items approximating \$1,102 that, if recognized, would favorably affect the Company's effective tax rate in future periods. The Company anticipates that total unrecognized tax benefits will decrease approximately \$784 due to settlements of tax examinations within the next twelve months. The Company files tax returns in numerous U.S. and foreign jurisdictions, with returns subject to examination for varying periods, but generally back to and including 2005. During 2008 and 2007, \$69 and \$202 of interest and penalties, respectively, were recognized as a component of income tax expense. It is the Company's policy to record interest and penalties on unrecognized tax benefits as income taxes.

Cash payments for income taxes, net of refunds, were \$30,423, \$30,325, and \$15,666 in 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

16. PENSION PLANS

The Company has a non-contributory qualified defined benefit pension plan covering the full-time U.S. employees of all U.S. subsidiaries (with the exception of certain acquired companies that have not adopted the plan). Employees become participants in the plan upon their completion of hours of service requirements. Benefits under this plan are generally based upon an employee's years of service and compensation levels during employment with an offset provision for social security benefits. The Company also has a Supplemental Employees' Retirement Plan ("SERP"), which is considered a non-qualified pension plan. The SERP provides certain key executives, whose compensation is in excess of the limitations imposed by federal law on the qualified defined benefit pension plan, with supplemental benefits based upon eligible earnings, years of service and age at retirement. The measurement date for both these plans is December 31.

Obligations and Funded Status

The changes in actuarial present value of the projected benefit obligation and fair value of plan assets are as follows:

	At December 31,			
	Qualified Pension Plan		SERP	
	2008	2007	2008	2007
Projected benefit obligation at beginning of year	\$ 468,291	\$ 481,960	\$ 37,053	\$ 34,609
Service cost	12,277	13,318	698	464
Interest cost	29,352	27,723	1,591	2,019
Plan amendments (A)	-	-	-	1,220
Actuarial liability (gain) loss (B)	15,128	(32,558)	(562)	1,137
Benefit payments	(22,779)	(22,152)	(18,048)	(2,396)
Projected benefit obligation at end of year	\$ 502,269	\$ 468,291	\$ 20,732	\$ 37,053
Fair value of plan assets at beginning of year	\$ 498,778	\$ 468,155	\$ -	\$ -
Actual return on plan assets (C)	(149,602)	42,822	-	-
Employer contribution	7,724	9,952	18,048	2,396
Benefit payments	(22,779)	(22,152)	(18,048)	(2,396)
Fair value of plan assets at end of year	\$ 334,121	\$ 498,777	\$ -	\$ -
Funded status at end of year	\$ 168,148	\$ (30,486)	\$ 20,732	\$ 37,053
Accumulated benefit obligation	\$ 455,381	\$ 422,879	\$ 20,515	\$ 36,333

(A) During 2007, the SERP was amended to redefine average final salary from the highest consecutive 5 of the last 10 years to the highest 5 of the last 10 years prior to separation from service. The result of this amendment, which was effective beginning on January 1, 2005, increased the SERP liability by \$1,220.

(B) The actuarial liability loss amount for the qualified pension plan for 2008 is principally due to the decrease in net assets. The decrease in net assets was due to the effect of changes in the discount rate. The actuarial liability gain amount for the qualified pension plan for 2007 is principally due to the effect of changes in the discount rate.

(C) The decrease in the actual return on plan assets in 2008 was due to the significant downturn in the U.S financial markets.

The Company has recorded assets and liabilities related to our qualified pension plan and SERP as follows:

	At December 31,			
	Qualified Pension Plan		SERP	
	2008	2007	2008	2007
Noncurrent assets	\$ -	\$ 30,486	\$ -	\$ -
Current liabilities (A)	-	-	(5,678)	(13,971)
Noncurrent liabilities (B)	(168,148)	-	(15,054)	(23,082)
Total	\$ (168,148)	\$ 30,486	\$ (20,732)	\$ (37,053)

(A) The current liabilities are included in other accruals and payables on the Consolidated Balance Sheets.

(B) The noncurrent liabilities are included in other long-term liabilities on the Consolidated Balance Sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

16. PENSION PLANS (CONTINUED)

Obligations and Funded Status (continued)

Certain amounts included in accumulated other comprehensive income on the consolidated balance sheets represent costs that will be recognized as components of pension costs in future periods. These consist of:

	At December 31,			
	Qualified Pension Plan		SERP	
	2008	2007	2008	2007
Change in net gain or loss	\$ 153,109	\$ (46,345)	\$ 3,326	\$ 8,306
Amortization of prior service cost (credit)	388	449	(1,155)	(1,846)
Amount included in accumulated other comprehensive income (loss)	<u>\$ 153,497</u>	<u>\$ (45,896)</u>	<u>\$ 2,171</u>	<u>\$ 6,460</u>

The estimated net loss and prior service cost (credit) for the qualified pension plan and the SERP that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year will be \$3,002 and (\$635), respectively.

The pension plan net periodic benefit costs on the consolidated statements of operations and other amounts recognized in other comprehensive income on the statements of changes in shareholders' equity were computed using the projected unit credit actuarial cost method and included the following components:

	For the year ended December 31,					
	Qualified Pension Plan			SERP		
	2008	2007	2006	2008	2007	2006
Service cost for benefits earned during the year	\$ 12,277	\$ 13,318	\$ 12,570	\$ 698	\$ 464	\$ 2,113
Interest cost on projected benefit obligation	29,352	27,723	26,411	1,591	2,019	1,727
Expected return on plan assets	(34,724)	(32,297)	(29,448)	-	-	-
Amortization of prior service cost	61	61	48	(691)	(371)	(1,074)
Recognized net loss	-	841	2,960	1,586	3,902	2,632
Additional amount recognized due to settlement	-	-	-	2,833	-	-
Net pension benefit cost	<u>\$ 6,966</u>	<u>\$ 9,646</u>	<u>\$ 12,541</u>	<u>\$ 6,017</u>	<u>\$ 6,014</u>	<u>\$ 5,398</u>
Change in prior service cost	\$ -	\$ -	\$ 511	\$ -	\$ 1,220	\$ (3,436)
Change in net gain or loss	199,454	(43,084)	(2,421)	(3,394)	1,137	11,070
Amortization of prior service cost (credit)	(61)	(61)	-	691	371	-
Amortization of net gain (loss)	-	(841)	-	(1,586)	(3,902)	-
Additional minimum liability	-	-	-	-	-	(6,394)
Total recognized in other comprehensive income	<u>\$ 199,393</u>	<u>\$ (43,986)</u>	<u>\$ (1,910)</u>	<u>\$ (4,289)</u>	<u>\$ (1,174)</u>	<u>\$ 1,240</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 206,359</u>	<u>\$ (34,340)</u>	<u>\$ 10,631</u>	<u>\$ 1,728</u>	<u>\$ 4,840</u>	<u>\$ 6,638</u>

The Company expects to contribute \$10,900 to the qualified pension plan and \$5,678 to the SERP for the 2009 plan year. For the 2008 plan year, the Company made a contribution of \$6,966 to the qualified plan, of which the final payment of \$1,741 was made in January 2009. The company made contributions to the SERP of \$18,048 for the 2008 plan year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

16. PENSION PLANS (CONTINUED)

Obligations and Funded Status (continued)

Expected future benefit payments, which reflect expected future service, are as follows:

	Qualified Pension Plan	SERP
2009	\$ 25,952	\$ 5,678
2010	26,879	881
2011	27,506	872
2012	28,054	861
2013	28,773	6,310
2014-2018	164,434	6,670

The actuarial assumptions used in determining benefit obligations of the pension plans are as follows:

	At December 31,			
	Qualified Pension Plan		SERP	
	2008	2007	2008	2007
Discount rate	6.15%	6.40%	6.15%	5.90%
Average rate of increase in compensation levels	3.50%	3.50%	3.50%	3.50%

The discount rates take into consideration the populations of our pension plans and the anticipated payment streams as compared to the Citigroup Discount Yield Curve index and rounds the results to the nearest fifth basis point.

The actuarial assumptions used in determining the net periodic benefit cost of the pension plans are as follows:

	At December 31,			
	Qualified Pension Plan		SERP	
	2008	2007	2008	2007
Discount rate	6.40%	5.85%	5.90%	5.60%
Expected return on plan assets	8.00%	8.00%	n/a	n/a
Average rate of increase in compensation levels	3.50%	3.50%	3.50%	3.50%

Plan Assets for Qualified Pension Plan

The expected return on plan assets rate was determined based upon historical returns adjusted for estimated future market fluctuations.

Plan assets are invested in a diversified portfolio consisting of equity and fixed income securities (including \$13,932 of common stock of Kaman Corporation at December 31, 2008). The investment policies and goals for pension plan assets are (a) to place assets with investment managers approved by the Finance Committee of the Board of Directors, (b) to diversify across traditional equity and fixed income asset classes to minimize the risk of large losses, and (c) to seek the highest total return (through a combination of income and asset appreciation) consistent with prudent investment practice, and on a five-year moving average basis, not less than the actuarial earnings assumption.

The target equity/fixed income asset allocation ratio is 60%/40% over the long term. If the ratio for any asset class moves outside permitted ranges, the pension plan's Administrative Committee (the management committee that is responsible for plan administration) will act through an immediate or gradual process, as appropriate, to reallocate assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

16. PENSION PLANS (CONTINUED)**Plan Assets for Qualified Pension Plan (continued)**

The asset allocations by asset category, which are within the permitted ranges, are as follows:

	At December 31,	
	2008	2007
Equity securities	56%	64%
Fixed income securities	44%	36%
Total	100%	100%

Under the current investment policy no investment is made in commodities, nor are short sales, margin buying hedges, covered or uncovered call options, puts, straddles or other speculative trading devices permitted. No manager may invest in international securities, inflation linked treasuries, real estate, private equities, or securities of Kaman Corporation without authorization from the company. In addition, with the exception of U.S. Government securities, managers' holdings in the securities of any one issuer, at the time of purchase, may not exceed 7.5% of the total market value of that manager's account.

Investment manager performance is evaluated over various time periods in relation to peers and the following indexes: Domestic Equity Investments, S&P 500; International Equity Investments, Morgan Stanley EAFE; Fixed Income Investments, and Lehman Brothers' Aggregate.

Other Plans

The Company also maintains a defined contribution plan that has been adopted by most of its U.S. subsidiaries. Employees of the adopting employers who meet the eligibility requirements of the plan may participate. Employer matching contributions are currently made to the plan based on a percentage of each participant's pre-tax contribution. For each dollar that a participant contributes up to 5% of compensation, participating subsidiaries make employer contributions of fifty cents (\$0.50). Employer contributions to the plan totaled \$3,320, \$3,174 and \$3,259 in 2008, 2007 and 2006, respectively.

One of the Company's acquired U.S. subsidiaries maintains a defined contribution plan for its eligible employees. Employer matching contributions are made on a discretionary basis. Additionally, two of our foreign subsidiaries each maintain a defined benefit plan of their own for their local employees. The pension liabilities of \$200 associated with these plans are included in accrued pension costs on the consolidated balance sheets for the periods presented.

17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

	At December 31,	
	2008	2007
Supplemental employees' retirement plan (SERP)	\$ 15,054	\$ 23,082
Deferred compensation	11,305	10,549
Long-term incentive plan	1,991	3,020
Long-term income taxes payable	1,801	3,680
Environmental remediation liability	11,749	3,541
Other	3,905	2,441
Total	\$ 45,805	\$ 46,313

Disclosures regarding the assumptions used in the determination of the SERP liabilities are included in Note 16, Pension Plans. Discussions of our environmental remediation liability and our long-term incentive plan are in Note 11, Environmental Costs, and Note 18, Commitments and Contingencies, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

17. OTHER LONG-TERM LIABILITIES (CONTINUED)

The Company maintains a non-qualified deferred compensation plan for certain of its employees as well as a non-qualified deferred compensation plan for its Board of Directors. Generally, participants in these plans have the ability to defer a certain amount of their compensation, as defined in the agreement. The deferred compensation liability will be paid out either upon retirement or as requested based upon certain terms in the agreements.

18. COMMITMENTS AND CONTINGENCIES

Leases

Rent commitments under various leases for office space, warehouses, land and buildings expire at varying dates from January 2009 to December 2015. The standard term for most leases ranges from 3 to 5 years. Some of the Company's leases have rent escalations, rent holidays or contingent rent that are generally recognized on a straight-line basis over the entire lease term. Material leasehold improvements and other landlord incentives are amortized over the shorter of their economic lives or the lease term, including renewal periods, if reasonably assured. Certain annual rentals are subject to renegotiation, with certain leases renewable for varying periods. The company recognizes rent expense for leases on a straight-line basis over the entire lease term.

Lease periods for machinery and equipment range from 1 to 5 years.

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

The following future minimum rental payments are required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2008:

2009	\$ 16,731
2010	10,966
2011	7,188
2012	3,814
2013	2,079
Thereafter	1,165
Total	<u>\$ 41,943</u>

Lease expense for all operating leases, including leases with terms of less than one year, amounted to \$17,917, \$14,739 and \$13,676 for 2008, 2007 and 2006, respectively.

Asset Retirement Obligations

The Company currently leases various properties under leases that give the lessor the right to make the determination as to whether the lessee must return the premises to their original condition, except for normal wear and tear. The company does not normally make substantial modifications to leased property, and many of the company's leases either require lessor approval of planned improvements or transfer ownership of such improvements to the lessor at the termination of the lease. Historically we have not incurred significant costs to return leased premises to their original condition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Asset Retirement Obligations (continued)

The Company also has unrecorded Asset Retirement Obligation's ("ARO's") that are conditional upon certain events. These ARO's generally include the removal and disposition of non-friable asbestos. The Company has not recorded a liability for these conditional ARO's at December 31, 2008 because the Company does not currently believe there is a reasonable basis for estimating a date or range of dates for major renovation or demolition of these facilities. In reaching this conclusion, the Company considered the historical performance of each facility and has taken into account factors such as planned maintenance, asset replacement and upgrades, which, if conducted as in the past, can extend the physical lives of the facilities indefinitely. The Company also considered the possibility of changes in technology and risk of obsolescence in arriving at its conclusion.

Legal Matters

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

In late 2006, the USASC informed us that it was changing its remedy under the contract from performance of warranty rework to an "equitable adjustment" of \$6.9 million to the contract price. The Company responded, explaining its view that it had complied with contract requirements. In June 2007, the USASC affirmed its position but rescinded its \$6.9 million demand (stating that its full costs had not yet been determined) and gave instructions for disposition of the subject fuzes, including both the impact switch and bellows motor related items, to a Navy facility and the Company complied with that direction. To date, USASC has not made a demand for any specific amount.

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

Other Matters

Termination of Australia SH-2G(A) Program

The Company and the Commonwealth of Australia entered a settlement agreement during the first quarter of 2008 that terminated the SH-2G(A) Super Seasprite program on mutually agreed terms. The agreement provided for a transfer to the Company of ownership of the 11 SH-2G(A) Super Seasprite helicopters (along with spare parts and associated equipment), after which proceeds from the sale of these items would be shared on a predetermined basis. This transfer of ownership occurred on February 12, 2009 (the "Transfer Date").

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

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18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Matters (continued)

Termination of Australia SH-2G(A) Program (continued)

In connection with sharing sale proceeds, the Company has agreed that total payments of at least \$39.5 million (AUS) will be made to the Commonwealth regardless of sales, with at least \$26.7 million (AUS) to be paid by March 2011, and, to the extent cumulative payments have not yet reached \$39.5 million (AUS), additional payments of \$6.4 million (AUS) each in March of 2012 and 2013. During the fourth quarter of 2008, the Company entered into forward contracts for the purpose of hedging these required payments. These contracts represent \$36.5 million (AUS) of the \$39.5 million (AUS) required payments and have been accounted for in accordance with SFAS 133. See Note 6, Derivative Financial Instruments, for further discussion.

To secure these payments, the Company provided the Commonwealth with a \$39.5 million (AUS) unconditional letter of credit on the Transfer Date. This letter of credit will be reduced as such payments are made. Additionally, under the settlement agreement, the Company forgave payments of approximately \$32 million in net unbilled receivables in exchange for the helicopters, spare parts and equipment, which will be recorded as inventory on the Transfer Date, at a value representing the net unbilled receivables and the guaranteed payments, described above. Management has determined that the value of this transferred inventory exceeds the amount of the net unbilled receivables and the guaranteed payments. The Company does not currently expect the transfer to have a material impact on the statement of operations.

The termination of the contract, combined with the return of the inventory, will result in the inability to claim look-back interest from the IRS, previously expected to exceed \$6 million pretax. Additionally, sales relative to the service center, which had been a meaningful portion of Helicopters segment net sales in recent years, ended at the conclusion of the support center ramp down period, which occurred during the fourth quarter of 2008.

Moosup

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

Ovation

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

Brookhouse

The Company has accrued \$2.4 million for environmental compliance at our recently acquired Brookhouse facilities. The Company is in the early stages of assessing the work that may be required, which may result in a change to this accrual.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

19. COMPUTATION OF EARNINGS PER SHARE

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

The computation of diluted earnings per share includes the common stock equivalency of dilutive options granted to employees under the Stock Incentive Plan. Excluded from the diluted earnings per share calculation for the years ended December 31, 2008 and 2006 are 242,259 options and 73,700 options granted to employees that are anti-dilutive based on the average stock price. There were no anti-dilutive options in 2007. The diluted earnings per share computation for 2007 and 2006 assumes that at the beginning of the year the 6% convertible subordinated debentures were converted into common stock with a resultant reduction in interest costs net of tax.

	For the Year Ended December 31,		
	2008	2007	2006
Basic:			
Net earnings from continuing operations	\$ 35,107	\$ 36,491	\$ 24,643
Net earnings from discontinued operations, net of tax	-	7,890	7,143
Gain on disposal of discontinued operations, net of tax	492	11,538	-
Net earnings	<u>\$ 35,599</u>	<u>\$ 55,919</u>	<u>\$ 31,786</u>
Weighted average number of shares outstanding	<u>25,228</u>	<u>24,375</u>	<u>24,036</u>
Net earnings per share from continuing operations	\$ 1.39	\$ 1.50	\$ 1.02
Net earnings per share from discontinued operations	-	0.32	0.30
Net earnings per share from disposal of discontinued operations	0.02	0.47	-
Net earnings per share	<u>\$ 1.41</u>	<u>\$ 2.29</u>	<u>\$ 1.32</u>
Diluted:			
Net earnings from continuing operations	\$ 35,107	\$ 36,491	\$ 24,643
Elimination of interest expense on 6% subordinated convertible debentures (net after taxes)	-	507	609
Net earnings from continuing operations (as adjusted)	35,107	36,998	25,252
Net earnings from discontinued operations, net of tax	-	7,890	7,143
Gain on disposal of discontinued operations, net of tax	492	11,538	-
Net earnings (as adjusted)	<u>\$ 35,599</u>	<u>\$ 56,426</u>	<u>\$ 32,395</u>
Weighted average number of shares outstanding	25,228	24,375	24,036
Weighted averages shares issuable on conversion of 6% subordinated convertible debentures	-	573	719
Weighted average shares issuable on exercise of dilutive stock options	284	313	114
Total	<u>25,512</u>	<u>25,261</u>	<u>24,869</u>
Net earnings per share from continuing operations	\$ 1.38	\$ 1.46	\$ 1.01
Net earnings per share from discontinued operations	-	0.31	0.29
Net earnings per share from disposal of discontinued operations	0.02	0.46	-
Diluted net earnings per share	<u>\$ 1.40</u>	<u>\$ 2.23</u>	<u>\$ 1.30</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

20. SHARE-BASED ARRANGEMENTS**General**

The Company accounts for stock options and restricted stock as equity awards whereas the stock appreciation rights and employee stock purchase plan are accounted for as liability awards.

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

	For the Year Ended December 31,		
	2008	2007	2006
Stock options	\$ 1,268	\$ 1,316	\$ 893
Restricted stock awards	1,503	925	729
Stock appreciation rights	(862)	1,374	1,036
Employee stock purchase plan	200	212	209
Total share-based compensation	<u>\$ 2,109</u>	<u>\$ 3,827</u>	<u>\$ 2,867</u>

Compensation expense for stock options and restricted stock awards is recorded in general and administrative expenses and is recognized on a straight-line basis over the vesting period of the awards. The 2006 expense recorded for stock appreciation rights includes a cumulative effect adjustment of \$105 recorded as a result of adopting SFAS 123(R). This reflects the effect of changing our valuation methodology to record compensation expense from intrinsic value to fair value for these types of awards.

In conjunction with the sale of the Music segment, the Company accelerated vesting for all outstanding options and restricted shares that were issued to employees of the Music segment. This resulted in additional expense of \$1,289 in 2007 that was included in the determination of the net gain on the sale.

Stock Incentive Plan

The 2003 Stock Incentive Plan provides for the issuance of 2,000,000 shares of common stock and includes a continuation and extension of the predecessor plan. As with the predecessor plan, the 2003 Plan provides for equity compensation awards, including principally incentive and non-statutory stock options, restricted stock, stock appreciation rights, and long-term incentive program (LTIP) awards. In addition, the 2003 Plan contains provisions intended to qualify the LTIP under Section 162(m) of the Internal Revenue Code of 1986, as amended. As of December 31, 2008, there were 1,148,099 shares available for grant under the plan.

LTIP awards provide certain senior executives an opportunity to receive award payments in either stock or cash as determined by the Personnel and Compensation Committee of the Board of Directors in accordance with the Plan, at the end of a three-year performance cycle. For the performance cycle, the company's financial results are compared to the Russell 2000 indices for the same periods based upon the following: (a) average return on total capital, (b) earnings per share growth and (c) total return to shareholders. No awards will be payable unless the company's performance is at least in the 25th percentile of the designated indices. The maximum award is payable if performance reaches the 75th percentile of the designated indices. Awards for performance between the 25th and 75th percentiles are determined by straight-line interpolation. Through 2008, all of the LTIP awards have been paid in cash.

Stock options are granted with an exercise price equal to the average market price of our stock at the date of grant. Stock options and Stock Appreciation Rights ("SAR"s) granted under the plan generally expire ten years from the date of grant and vest 20% each year over a 5-year period on each of the first five anniversaries from the date of grant. Restricted stock awards ("RSA"s) are generally granted with restrictions that lapse at the rate of 20% per year over a 5-year period on each of the first five anniversaries from the date of grant. Generally, these awards are subject to forfeiture if a recipient separates from service with the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

20. SHARE-BASED ARRANGEMENTS (CONTINUED)

Stock Incentive Plan (continued)

Stock option activity is as follows:

	Options	Weighted average exercise price
Options outstanding at December 31, 2007	724,790	\$ 16.02
Granted	215,245	25.40
Exercised	(178,468)	15.31
Forfeited or expired	(17,888)	19.88
Options outstanding at December 31, 2008	743,679	\$ 18.81

The following table presents information regarding options outstanding as of December 31, 2008:

Weighted-average remaining contractual term - options outstanding	6.26 years
Aggregate intrinsic value - options outstanding	\$ 1,884
Weighted-average exercise price - options outstanding	\$ 18.81
Options exercisable	284,379
Aggregate intrinsic value - options exercisable	\$ 1,193
Weighted-average remaining contractual term - options exercisable	3.89 years

The intrinsic value represents the amount by which the market price of the stock on the measurement date exceeds the exercise price of the option. The intrinsic value of options exercised in 2008 and 2007 was \$2,314 and \$3,905, respectively. The Company currently has an open stock repurchase plan, which would enable the Company to repurchase shares as needed. Historically the Company has issued shares related to option exercises and RSAs from treasury stock; however, in 2007 the Company began to issue shares from its authorized pool of available common stock.

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

	2008	2007	2006
Expected option term	6.5 years	6.5 years	6.5 years
Expected volatility	41.2%	36.2%	41.5%
Risk-free interest rate	3.2%	4.6%	4.5%
Expected dividend yield	1.8%	2.5%	2.5%
Per share fair value of options granted	\$ 9.64	\$ 8.04	\$ 7.96

The expected term of options granted represents the period of time that option grants are expected to be outstanding. In predicting the life of option grants, all stock options meet the definition of "plain vanilla" options under Staff Accounting Bulletin No. 107 and therefore, the "simplified" method was used to calculate the term for grants.

Forfeitures of options are estimated based upon historical data and are adjusted based upon actual occurrences. The cumulative effect of restricted stock forfeitures was immaterial.

The volatility assumption is based on the historical daily price data of the Company's stock over a period equivalent to the weighted-average expected term of the options. Management evaluates whether there were factors during that period which were unusual and which would distort the volatility figure if used to estimate future volatility and concluded that there were no such factors. The Company relies only on historical volatility since future volatility is expected to be consistent with historical volatility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

20. SHARE-BASED ARRANGEMENTS (CONTINUED)**Stock Incentive Plan (continued)**

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

Restricted Stock activity is as follows:

	Restricted Stock Awards	Weighted- average grant date fair value
Restricted Stock outstanding at December 31, 2007	89,009	\$ 24.04
Granted	123,045	26.76
Vested	(56,824)	22.40
Forfeited or expired	(5,436)	24.35
Restricted Stock outstanding at December 31, 2008	<u>149,794</u>	<u>\$ 26.39</u>

The grant date fair value for restricted stock is the average market price of the unrestricted shares on the date of grant. Prior to adopting SFAS 123(R), the fair value of nonvested awards (restricted stock and deferred stock units) was recorded to additional paid-in capital with the offsetting entry posted to unamortized restricted stock awards, also an equity account. The unearned compensation was then amortized to compensation expense related to equity awards over the vesting period using the straight-line method. With the adoption of SFAS 123(R) in 2006, \$454 of unearned compensation was offset against additional paid-in capital.

Stock Appreciation Rights activity is as follows:

	Stock Appreciation Rights	Weighted- average grant date fair value
SARs outstanding at December 31, 2007	66,120	\$ 10.14
Granted	-	-
Vested	(26,420)	9.90
Forfeited or expired	-	-
SARs outstanding at December 31, 2008	<u>39,700</u>	<u>\$ 10.32</u>

Total cash paid to settle stock appreciation rights (at intrinsic value) for 2008 and 2007 was \$533 and \$1,212, respectively. SARs are re-evaluated on a quarterly basis using the Black-Scholes valuation model.

We record a tax benefit and associated deferred tax asset for compensation expense recognized on non-qualified stock options and restricted stock for which we are allowed a tax deduction. For 2008 and 2007, we recorded a tax benefit of \$1,049 and \$1,304 for these two types of compensation expense.

The windfall tax benefit is the tax benefit realized on the exercise of non-qualified stock options and disqualifying dispositions of stock acquired by exercise of incentive stock options and Employee Stock Purchase Plan stock purchases in excess of the deferred tax asset originally recorded. The total windfall tax benefit realized in 2008 and 2007 was \$349 and \$1,171, respectively.

As of December 31, 2008, future compensation costs related to non-vested stock options and restricted stock grants is \$5,763. The Company anticipates that this cost will be recognized over a weighted-average period of 2.93 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

20. SHARE-BASED ARRANGEMENTS (CONTINUED)

Stock Incentive Plan (continued)

Employee Stock Purchase Plan

The Kaman Corporation Employees Stock Purchase Plan allows employees to purchase common stock of the company, through payroll deductions, at 85% of the market value of shares at the time of purchase. The plan provides for the grant of rights to employees to purchase a maximum of 1,500,000 shares of common stock. During 2008, 51,664 shares were issued to employees at prices ranging from \$17.02 to \$32.07. During 2007, 50,126 shares were issued to employees at prices ranging from \$19.26 to \$31.26, and during 2006, 68,930 shares were issued at prices ranging from \$16.86 to \$24.59. At December 31, 2008, there were 369,613 shares available for purchase under the plan.

21. SEGMENT AND GEOGRAPHIC INFORMATION

The Company is composed of five business segments, Industrial Distribution and four reporting segments within the aerospace industry: Aerostructures, Precision Products, Helicopters, and Specialty Bearings (collectively, the "Aerospace Segments"). These segments are consistent with the organization and responsibilities of management reporting to the chief operating decision-maker for the purpose of assessing performance. The reportable segments are strategic business units offering different products and services and are managed separately as each business requires different technology and marketing strategies.

The Aerostructures segment produces aircraft subassemblies and other parts for commercial and military aircraft. Its principal customers are Boeing and Sikorsky. Operations involving the use of metals are conducted principally at the company's Jacksonville, Florida facility, while operations involving composite materials are conducted principally at the Wichita, Kansas facility and Darwen, Lancashire, United Kingdom facility.

The Precision Products segment manufactures products for military and commercial markets, primarily related to military safe, arm and fuzing devices for several missile and bomb programs; as well as precision non-contact measuring systems for industrial and scientific use; and high reliability memory systems for airborne, shipboard, and ground-based programs. Principal customers include the U.S. military, Boeing, Lockheed Martin and Raytheon. Operations are conducted at the Middletown, Connecticut; Orlando, Florida; and Tucson, Arizona facilities.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2008, 2007 and 2006
(In thousands except share and per share amounts)

21. SEGMENT AND GEOGRAPHIC INFORMATION (CONTINUED)

Summarized financial information by business segment is as follows:

	For the year ended December 31,		
	2008	2007	2006
Net sales:			
Aerostructures	\$ 147,641	\$ 102,362	\$ 78,742
Precision Products	118,009	87,455	71,068
Helicopters	69,435	72,031	69,914
Specialty Bearings	141,540	124,009	106,278
Subtotal Aerospace Segments	476,625	385,857	326,002
Industrial Distribution	776,970	700,174	665,420
Net sales from continuing operations	<u>\$ 1,253,595</u>	<u>\$ 1,086,031</u>	<u>\$ 991,422</u>
Operating income:			
Aerostructures	\$ (5,925)	\$ 13,219	\$ 11,538
Precision Products	7,299	10,546	7,750
Helicopters	10,066	2,631	222
Specialty Bearings	50,168	41,387	28,630
Subtotal Aerospace Segments	61,608	67,783	48,140
Industrial Distribution	35,397	33,038	35,160
Net gain (loss) on sale of assets	221	2,579	(52)
Corporate expense	(31,960)	(38,672)	(35,426)
Operating income from continuing operations	65,266	64,728	47,822
Interest expense, net	3,012	6,336	6,244
Loss on derivative contracts	1,893	-	-
Other expense, net	1,195	865	918
Earnings from continuing operations before income taxes	59,166	57,527	40,660
Income tax expense	24,059	21,036	16,017
Net earnings from continuing operations	35,107	36,491	24,643
Net earnings from discontinued operations before gain	-	7,890	7,143
Gain on disposal of discontinued operations, net of taxes	492	11,538	-
Net earnings from discontinued operations	492	19,428	7,143
Total net earnings	<u>\$ 35,599</u>	<u>\$ 55,919</u>	<u>\$ 31,786</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the Years Ended December 31, 2008, 2007 and 2006

(In thousands except share and per share amounts)

21. SEGMENT AND GEOGRAPHIC INFORMATION (CONTINUED)

	At December 31,		
	2008	2007	2006
Identifiable assets:			
Aerostructures	\$ 162,721	\$ 64,812	\$ 58,533
Precision Products	87,647	86,980	77,946
Helicopters	116,540	95,042	100,353
Specialty Bearings	54,742	57,767	48,774
Subtotal Aerospace Segments	421,650	304,601	285,606
Industrial Distribution	229,460	195,518	188,672
Corporate	111,503	134,744	44,274
Total assets	\$ 762,613	\$ 634,863	\$ 518,552
Capital expenditures:			
Aerostructures	\$ 2,998	\$ 2,740	\$ 1,698
Precision Products	967	2,310	1,555
Helicopters (1)	1,401	1,052	1,042
Specialty Bearings	4,506	4,658	4,572
Subtotal Aerospace Segments	9,872	10,760	8,867
Industrial Distribution	4,216	2,650	2,930
Corporate	1,912	816	302
Total capital expenditures	\$ 16,000	\$ 14,226	\$ 12,099
Depreciation and amortization:			
Aerostructures	\$ 3,811	\$ 2,149	\$ 1,943
Precision Products	1,085	1,012	936
Helicopters	1,081	1,120	1,137
Specialty Bearings	2,856	2,262	1,818
Subtotal Aerospace Segments	8,833	6,543	5,834
Industrial Distribution	3,096	2,507	2,285
Corporate	913	843	635
Total depreciation and amortization	\$ 12,842	\$ 9,893	\$ 8,754

- (1) During 2008, the Helicopters Segment completed the non-cash purchase of the NAVAIR property for \$10,258, which represents the assumption of the associated environmental remediation costs. See Note 11, Environmental Costs, for further discussion.

Operating income is total revenues less cost of sales and selling, general and administrative expenses including corporate expense. Operating income includes net gain (loss) on sale of assets. Operating loss for the Aerostructures segment includes a non-cash goodwill impairment charge of \$7,810.

During 2008, there were no Helicopters segment charges to increase the accrued contract loss on the SH-2G(A) program. During 2007 and 2006, the Helicopters segment recorded charges of \$6,414 and \$9,701, respectively, to increase the accrued contract loss on the SH-2G(A) program.

Identifiable assets are year-end assets at their respective net carrying values segregated as to segment and corporate use.

For the periods presented, the corporate identifiable assets are principally comprised of cash, short-term and long-term deferred income tax assets, cash surrender value of life insurance policies and fixed assets. Corporate assets decreased in 2008 primarily due to the acquisitions of business during the year. The increase in corporate assets in 2007 is primarily due to the cash proceeds from the sale of the Music segment.

Net sales by the Aerospace Segments under contracts with U.S. Government agencies (including sales to foreign governments through foreign military sales contracts with U.S. Government agencies) totaled \$254,640, \$199,971 and \$156,060 in 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**For the Years Ended December 31, 2008, 2007 and 2006**

(In thousands except share and per share amounts)

21. SEGMENT AND GEOGRAPHIC INFORMATION (CONTINUED)

Sales are attributed to geographic regions based on their location of origin. Geographic distribution of sales from continuing operations is as follows:

	For the year ended December 31,		
	2008	2007	2006
United States	\$ 1,067,080	\$ 934,113	\$ 856,772
United Kingdom	41,884	10,962	7,673
Canada	36,026	35,058	32,793
Australia/New Zealand	20,980	25,953	27,736
Mexico	20,271	21,201	18,456
Germany	15,597	15,188	14,368
Other	51,757	43,556	33,624
Total	<u>\$ 1,253,595</u>	<u>\$ 1,086,031</u>	<u>\$ 991,422</u>

22. SUBSEQUENT EVENTS

On February 12, 2009, the Company and the Commonwealth of Australia closed on the transfer of ownership of the 11 SH-2G(A) Super Seasprite helicopters (along with spare parts and associated equipment). See Note 18, Commitments and Contingencies, for further discussion.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

The company has carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of December 31, 2008, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports the company files and submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required.

Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2008, with the exception of ISC, Brookhouse and INRUMEC. During 2008, the company acquired ISC, Brookhouse and INRUMEC. While the company has begun the process of incorporating its controls and procedures into ISC, Brookhouse and INRUMEC, management did not complete the documentation, evaluation and testing of internal controls over the financial reporting of ISC, Brookhouse and INRUMEC as of December 31, 2008. Therefore, the company did not include ISC, Brookhouse and INRUMEC in its assessment of the effectiveness of the company's internal controls over financial reporting as of December 31, 2008.

In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control—Integrated Framework. Management concluded that based on its assessment, the company's internal control over financial reporting was effective as of December 31, 2008. The effectiveness of internal control over financial reporting as of December 31, 2008 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included in this Form 10-K.

Changes in Internal Control Over Financial Reporting

Management of the company has evaluated, with the participation of the company's Chief Executive Officer and Chief Financial Officer, changes in the company's internal controls over financial reporting during 2008.

During the fourth quarter ended December 31, 2008, management made no changes to the internal controls over financial reporting that materially affected, nor are they reasonably likely to have a material effect on, our internal controls over financial reporting.

Inherent Limitations of Disclosure Controls and Procedures and Inherent Control over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

All information under this caption, except for the list of executive officers of the company set forth below, may be found in the company's proxy statement to be delivered to stockholders in connection with the Annual Meeting of Shareholders, which is scheduled for April 15, 2009 (the "Proxy Statement") and such information is incorporated in this report by reference.

Executive Officers

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

T. Jack Cahill	Mr. Cahill, 60, has been President of Kaman Industrial Technologies Corporation, a subsidiary of the company, since 1993. He has held various positions with the company since 1975.
Candace A. Clark	Ms. Clark, 54, has been Senior Vice President, Chief Legal Officer and Secretary since 1996. Ms. Clark has held various positions with the company since 1985.
William C. Denninger	Mr. Denninger, 58, joined the company as Senior Vice President – Finance on November 17, 2008 and was elected Senior Vice President and Chief Financial Officer effective December 1, 2008, upon the retirement of Robert M. Garneau. Mr. Denninger most recently served for eight years as Senior Vice President and Chief Financial Officer of Barnes Group, Inc., a \$1.5 billion global industrial products manufacturer and distributor. He also served on that company's board of directors.
Ronald M. Galla	Mr. Galla, 57, has been Senior Vice President and Chief Information Officer since 1995. Mr. Galla has been director of the company's Management Information Systems since 1984.
Neal J. Keating	Mr. Keating, 53, was elected President and Chief Operating Officer as well as a Director of the company effective September 17, 2007. Effective January 1, 2008, he was elected to the offices of President and Chief Executive Officer. Prior to joining the company, Mr. Keating served as Chief Operating Officer at Hughes Supply, a \$5.4 billion industrial distributor that was acquired by Home Depot in 2006. Prior to that, from August 2002 to June 2004, he served as Managing Director/Chief Executive Officer of GKN Aerospace, a \$1 billion aerospace subsidiary of GKN, plc, serving also as Executive Director on the Main Board of GKN plc and as a member of the Board of Directors of Agusta-Westland. From 1978 to July 2002, Mr. Keating served in increasingly senior positions at Rockwell International and as Executive Vice President and Chief Operating Officer of Rockwell Collins, Commercial Systems, a \$1.7 billion commercial aerospace business from 2001 through 2002.
John C. Kornegay	Dr. Kornegay, 59, has been President of Kamatics Corporation, a subsidiary of the company, since 1999. He has held various positions with Kamatics Corporation since 1988.
Gregory L. Steiner	Mr. Steiner, 51, was elected President of Kaman Aerospace Group, Inc., with overall responsibility for the company's Aerospace segments, effective July 7, 2008. Since 2005, Mr. Steiner was employed at GE Aviation-Systems, serving first as Vice President and General Manager, Military Mission Systems and then as Vice President, Systems for GE Aviation-Systems, responsible for systems integration. From 2004 to 2005, he served as Group Vice President at Curtiss-Wright Controls, Inc., with responsibility for four aerospace and industrial electronics businesses located in the U.S. and United Kingdom. Prior to that, Mr. Steiner had a seventeen-year career with Rockwell Collins, Inc., serving in a number of progressively responsible positions, and departing as Vice President and General Manager of Passenger Systems.
John J. Tedone	Mr. Tedone, 44, has been Vice President, Finance and Chief Accounting Officer of the Company since April 2007. From April 2006 to April 2007, he served as Vice President, Internal Audit and from November 2004 to April 2006 as Assistant Vice President, Internal Audit. Prior to joining the company, from December 2002 to November 2004 he served as Director, Finance at Diageo, N.A., a consumer products company.

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a)(1) FINANCIAL STATEMENTS. See Item 8 of this Form 10-K setting forth our Consolidated Financial Statements.
- (a)(2) FINANCIAL STATEMENT SCHEDULES. An index to the financial statement schedules immediately precedes such schedules.
- (a)(3) EXHIBITS. An index to the exhibits filed or incorporated by reference immediately precedes such exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Bloomfield, State of Connecticut, on this 26th day of February 2009.

KAMAN CORPORATION
(Registrant)

By: /s/ Neal J. Keating
Neal J. Keating
President and
Chief Executive Officer

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

Signature	Title:	Date:
<u>/s/ Neal J. Keating</u> Neal J. Keating	President and Chief Executive Officer	February 26, 2009
<u>/s/ William C. Denninger</u> William C. Denninger	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2009
<u>/s/ John J. Tedone</u> John J. Tedone	Vice President – Finance and Chief Accounting Officer	February 26, 2009
<u>/s/ Neal J. Keating</u> Neal J. Keating Attorney-in-Fact for:		February 26, 2009
Robert Alvine	Director	
Brian E. Barents	Director	
E. Reeves Callaway III	Director	
Karen M. Garrison	Director	
Edwin A. Huston	Director	
Eileen S. Kraus	Director	
Thomas W. Rabaut	Director	
Richard J. Swift	Director	

KAMAN CORPORATION AND SUBSIDIARIES

Index to Financial Statement Schedules

Report of Independent Registered Public Accounting Firm

Financial Statement Schedules:

Schedule V - Valuation and Qualifying Accounts

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Kaman Corporation:

Under date of February 26, 2009, we reported on the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2008, and the effectiveness of internal controls over financial reporting as of December 31, 2008, as contained in the 2008 annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. The financial statement schedule is the responsibility of the company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

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

/s/ KPMG LLP

Hartford, Connecticut
February 26, 2009

KAMAN CORPORATION AND SUBSIDIARIES
SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006
(Dollars in Thousands)

DESCRIPTION	Balance Beginning of Period	Additions		Deductions (B)	Balance End of Period
		Charged to Costs and Expenses	Others (A)		
2008					
Allowance for doubtful accounts	\$ 1,811	\$ 910	\$ 266	\$ 815	\$ 2,172
2007					
Allowance for doubtful accounts	\$ 1,796	\$ 725	\$ 0	\$ 710	\$ 1,811
2006					
Allowance for doubtful accounts	\$ 2,308	\$ 164	\$ 0	\$ 676	\$ 1,796

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

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

	Balance Beginning of Period	Additions		Balance End of Period
		Current Year Provision (Benefit)	Others	
2008				
Valuation allowance on deferred tax assets	<u>\$ 3,946</u>	<u>\$ 1,308</u>	<u>\$ (254)</u>	<u>\$ 5,000</u>
2007				
Valuation allowance on deferred tax assets	<u>\$ 3,710</u>	<u>\$ 159</u>	<u>\$ 77</u>	<u>\$ 3,946</u>
2006				
Valuation allowance on deferred tax assets	<u>\$ 2,855</u>	<u>\$ 877</u>	<u>\$ (22)</u>	<u>\$ 3,710</u>

KAMAN CORPORATION

INDEX TO EXHIBITS

Exhibit 3a	The Amended and Restated Certificate of Incorporation of the company, was filed as Exhibit 3.1 to Form 8-K on November 4, 2005, Document No. 0001341004-05-000188.	by reference
Exhibit 3b	The Amended and Restated Bylaws of the company dated February 26, 2008 were filed as Exhibit 3.1 to Form 8-K on February 28, 2008, Document No. 0000054381-08-000011.	by reference
Exhibit 4a(i)	Revolving Credit Agreement between the company and The Bank of Nova Scotia and Fleet National Bank as Co-Administrative Agents and Bank One, N.A. as the Documentation Agent and The Bank of Nova Scotia and Fleet Securities, Inc. as the Co-Lead Arrangers and Various Financial Institutions dated as of August 5, 2005 was filed as Exhibit 1 to Form 8-K with the Securities and Exchange Commission on August 8, 2005, Document No. 0000054381-05-000051, and Amendment No. 1 dated January 31, 2007 was filed as Exhibit 1 to Form 8-K on January 31, 2007, Document No. 0000054381-07-000006	by reference
Exhibit 4a(ii)	Amendment No. 2 to Revolving Credit Agreement dated April 28, 2008.	attached
Exhibit 4a(iii)	Amendment No. 3 to Revolving Credit Agreement dated October 29, 2008 was filed as Exhibit 10.2 to Form 8-K on October 30, 2008, Document No. 0000054382-08-000069.	by reference
Exhibit 4b	Credit Agreement between the company, RWG Frankenjura-Industrie Flugwerklager GmbH, and Wachovia Bank, N.A., dated July 29, 2002 was filed as Exhibit 4c to Form 10-K filed with the Securities and Exchange Commission on March 26, 2003, Document No. 0000054381-03-000079. Amendments to the Agreement were filed as Exhibit 4.2 to Form 10-Q with the Securities and Exchange Commission on November 5, 2003, Document No. 0000054381-03-000124, Exhibit 4b to Form 8-K filed with the Securities and Exchange Commission on October 21, 2004, Document No. 0000054381-04-000070. Schedules and Exhibits to the Credit Agreement, which are listed in its Table of Contents, are omitted but will be provided to the Commission upon request.	by reference
Exhibit 4c	Term Credit Agreement dated October 29, 2008 among Kaman Corporation, the banks listed therein, The Bank of Nova Scotia and Bank of America, N.A., as the Co-Administrative Agents for the Banks filed as Exhibit 10.1 to Form 8-K on October 30, 2008, Document No. 0000054381-08-000069.	by reference
Exhibit 10a	Kaman Corporation 2003 Stock Incentive Plan effective November 1, 2003, as amended effective September 23, 2008 filed as Exhibit 10a(i) on Form 10-Q on October 30, 2008, Document No. 0000054381-08-000070.	by reference
Exhibit 10b	Kaman Corporation Employees Stock Purchase Plan as amended effective September 23, 2008 was filed as Exhibit 10b(i) to Form 10-Q on October 30, 2008, Document No. 0000054381-08-000070.	by reference

Exhibit 10c	Kaman Corporation Supplemental Employees' Retirement Plan was filed as Exhibit 10c to Form 10-K on March 15, 2001, Document No. 0000054381-02-000005, and the Plan as amended was filed as Exhibit 10c to Form 10-K on March 5, 2004, Document No. 0000054381-04-000032 and as Exhibit 10.10 to Form 8-K on February 26, 2007, Document No. 0000054381-07-000015.	by reference
Exhibit 10c(i)	Post-2004 Supplemental Employees' Retirement Plan was filed as Exhibit 10.11 to Form 8-K on February 26, 2007, Document No. 000054381-07-000015.	by reference
Exhibit 10c(ii)	First Amendment to Kaman Corporation Post-2004 Supplemental Employees' Retirement Plan effective January 1, 2005 filed as Exhibit 10.1 to Form 8-K on February 28, 2008, Document No. 0000054381-08-000011.	by reference
Exhibit 10d	Kaman Corporation Amended and Restated Deferred Compensation Plan (Effective as of November 12, 2002, except where otherwise indicated) was filed as Exhibit 10d to Form 10-K, Document No. 0000054381-03-000079, filed with the Securities and Exchange Commission on March 26, 2003. Amendments to the Plan were filed as Exhibit 10d to Form 10-K, Document No. 0000054381-04-000032, filed with the Securities and Exchange Commission on March 5, 2004, and Exhibit 10(a) on Form 10-Q, Document No. 0000054381-04-000059, filed with the Securities and Exchange Commission on August 3, 2004.	by reference
Exhibit 10d(i)	Kaman Corporation Post-2004 Deferred Compensation Plan effective January 1, 2008 filed as Exhibit 10.2 to Form 8-K on February 28, 2008, Document No. 0000054381-08-000011.	by reference
Exhibit 10e(i)	Kaman Corporation Cash Bonus Plan effective as of January 1, 2008 filed as Exhibit 10e(i) to Form 10-K on February 28, 2008, Document No. 0001193125-08-041841.	by reference
Exhibit 10g(iv)	Executive Employment Agreement between Candace A. Clark and Kaman Corporation, dated as of January 1, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (v)	Executive Employment Agreement between Ronald M. Galla and Kaman Corporation, dated as of January 1, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (vii)	Executive Employment Agreement between T. Jack Cahill and Kaman Industrial Technologies Corporation, dated as of January 1, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (x)	Amended and Restated Change in Control Agreement between Candace A. Clark and Kaman Corporation, dated as of January 1, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (xi)	Amended and Restated Change in Control Agreement between Ronald M. Galla and Kaman Corporation, dated as of January 1, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (xiii)	Amended and Restated Change in Control Agreement between T. Jack Cahill and Kaman Industrial Technologies Corporation, dated as of January 1, 2007, as amended and restated November 11, 2008.	attached

Exhibit 10g (xviii)	Executive Employment Agreement between Kaman Corporation and Neal J. Keating dated August 7, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (xix)	Change in Control Agreement between Kaman Corporation and Neal J. Keating dated August 7, 2007, as amended and restated November 11, 2008.	attached
Exhibit 10g (xx)	Executive Employment Agreement dated June 3, 2008 between Kaman Aerospace Group, Inc. and Gregory L. Steiner, as amended and restated November 11, 2008.	attached
Exhibit 10g (xxi)	Change in Control Agreement dated June 4, 2008 between Kaman Aerospace Group, Inc. and Gregory L. Steiner, as amended and restated November 11, 2008.	attached
Exhibit 10g (xxii)	Executive Employment Agreement dated November 17, 2008 between Kaman Corporation and William C. Denninger and Offer Letter dated November 11, 2008 was filed as Exhibit 10.1 to Form 8-K on November 13, 2008, Document No. 0000054381-08-000072.	by reference
Exhibit 10g (xxiii)	Change in Control Agreement dated November 17, 2008 between Kaman Corporation and William C. Denninger dated November 12, 2008 was filed as Exhibit 10.2 to Form 8-K on November 13, 2008, Document No. 0000054381-08-000072.	by reference
Exhibit 10g (xxiv)	Retirement and Consulting Letter Agreement between Robert M. Garneau and the Company dated November 13, 2008 was filed as Exhibit 10.3 on Form 8-K on November 13, 2008, Document No. 0000054381-08-000072.	by reference
Exhibit 10g (xxv)	Relocation Management Agreement between Kaman Corporation and Cartus Corporation dated April 7, 2008 was filed as Exhibit 10.1 to Form 8-K on April 14, 2008, Document No. 0000054381-08-000029.	by reference
Exhibit 10h (i)	Form of Incentive Stock Option Agreement under the Kaman Corporation 2003 Stock Incentive Plan.	attached
Exhibit 10h (ii)	Form of Non-Statutory Stock Option Agreement under the Kaman Corporation 2003 Stock Incentive Plan.	attached
Exhibit 10h (iii)	Form of Stock Appreciation Rights Agreement under the Kaman Corporation 2003 Stock Incentive Plan.	attached
Exhibit 10h (iv)	Form of Restricted Stock Agreement under the Kaman Corporation 2003 Stock Incentive Plan was filed as Exhibit 10h(iv) to Form 10-Q on August 2, 2007, Document No. 0000054381-07-000092.	by reference

Exhibit 10h(v)	Form of Long Term Performance Award Agreement (Under the Kaman Corporation 2003 Stock Incentive Plan) was filed as Exhibit 10.2 to Form 8-K filed on November 10, 2005, Document No. 0000054381-05-000090.	by reference
Exhibit 10h(vii)	Deferred Compensation Agreement between Kaman Corporation and Eileen S. Kraus dated August 8, 1995 and First Amendment dated December 8, 2005 was filed as Exhibit 10h(vii) to Form 10-K on February 27, 2006, Document No. 0000054381-06-000036.	by reference
Exhibit 10h(viii)	Deferred Compensation Agreement between Kaman Corporation and Robert Alvine dated December 16, 2006 was filed as Exhibit 10h(viii) to Form 10-K on March 1, 2007, Document No. 0000054381-07-000022.	by reference
Exhibit 14	Kaman Corporation Code of Business Conduct dated November 11, 2008.	attached
Exhibit 21	List of Subsidiaries	attached
Exhibit 23	Consent of Independent Registered Public Accounting Firm	attached
Exhibit 24	Power of attorney under which this report was signed on behalf of certain directors	attached
Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934.	attached
Exhibit 31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934.	attached
Exhibit 32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	attached
Exhibit 32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	attached

AMENDMENT NO. 2 TO
REVOLVING CREDIT AGREEMENT

This **AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT**, dated as of April __, 2008 (this "Amendment"), is by and among **KAMAN CORPORATION**, a Connecticut corporation (the "Company"), certain Subsidiaries of the Company party hereto pursuant to Section 1.13 of the Credit Agreement (each a "Designated Borrower" and together with the Company, the "Borrowers" and, each a "Borrower"), the various financial institutions as are or may become parties hereto (collectively, the "Banks"), **THE BANK OF NOVA SCOTIA** ("Scotia Bank") and **BANK OF AMERICA, N.A.** ("Bank of America"), as the Co-Administrative Agents (individually, a "Co-Administrative Agent" and collectively, the "Co-Administrative Agents") for the Banks, and Bank of America as the Administrator for the Banks (the "Administrator").

WHEREAS, the Borrowers, the Co-Administrative Agents, the Banks and the Administrator are parties to a certain Revolving Credit Agreement, dated as of August 5, 2005 (as amended and in effect from time to time, the "Credit Agreement");

WHEREAS, the Company has advised the Co-Administrative Agents and the Banks that the Borrowers desire to amend certain provisions of the Credit Agreement as provided more fully herein below; and

WHEREAS, the requisite Banks have agreed to make such amendments subject to the satisfaction of the conditions set forth herein.

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

§1. Defined Terms. Terms not otherwise defined herein which are defined in the Credit Agreement shall have the same respective meanings herein as therein.

§2. Amendments to the Credit Agreement. Subject to the conditions precedent set forth in Section 3 below, the Credit Agreement shall be amended as follows:

(a) Section 1.5(a)(i) of the Credit Agreement is hereby amended by inserting the phrase "or in one or more Alternative Currencies" immediately after the term "Dollars" thereof.

(b) Section 1.5(a)(ii)(C) of the Credit Agreement is hereby amended by inserting the phrase "or an Alternative Currency" immediately prior to the "." at the end thereof.

(c) Section 1.5(a)(iii)(A) of the Credit Agreement is hereby amended by deleting the term "purpose" therein and inserting "propose" in lieu thereof.

(d) Section 1.5(c)(i)(B) of the Credit Agreement is hereby amended by inserting the phrase “the currency and” at the beginning thereof.

(e) Section 1.5(d)(i) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuer shall notify the Company and the Administrator thereof. In the case of a Letter of Credit denominated in an Alternative Currency, the Company shall reimburse the Issuer in such Alternative Currency, unless (A) the Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars or (B) in the absence of any such requirement for reimbursement in Dollars, the Company shall have notified the Issuer promptly following receipt of the notice of drawing that the Company will reimburse the Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the Issuer shall notify the Company of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. Not later than 11:00 a.m. on the date of any payment by the Issuer under a Letter of Credit to be reimbursed in Dollars, or the Applicable Time on the date of any payment by the Issuer under a Letter of Credit to be reimbursed in an Alternative Currency (each such date, an “Honor Date”), the Company shall reimburse the Issuer through the Administrator in an amount equal to the amount of such drawing and in the applicable currency. If the Company fails to so reimburse the Issuer by such time, the Administrator shall promptly notify each Bank of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Dollar Equivalent thereof in the case of a Letter of Credit denominated in an Alternative Currency) (the “Unreimbursed Amount”), and the amount of such Bank’s Commitment Percentage thereof. In such event, the Company shall be deemed to have requested a Revolving Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 1.3(a) for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 3.2 (other than the delivery of a Revolving Loan Notice). Any notice given by the Issuer or the Administrator pursuant to this Section 1.5(d)(i) may be given by telephone if immediately confirmed in writing; provided, that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.”

(f) Section 1.8(d) of the Credit Agreement is hereby amended by deleting the phrase “(or Cash Collateralize the amount of such excess)” therein.

(g) Section 9.2 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(a) The Administrator or the Issuer, as applicable, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Advances and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Obligors hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for the purposes of the Credit Documents shall be such Dollar Equivalent amount as so determined by the Administrator or the Issuer, absent manifest error.

(b) Wherever in this Agreement in connection with a Revolving Borrowing, the conversion, continuation or prepayment of a Eurocurrency Rate Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Revolving Borrowing, Eurocurrency Rate Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrator or the Issuer, as the case may be, absent manifest error.”

(h) Section 9.3 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(a) The Company may from time to time request that Eurocurrency Rate Loans be made and/or Letters of Credit be issued in a currency other than those specifically listed in the definition of “Alternative Currency;” provided, that such requested currency is in a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. In the case of any such request with respect to the making of Eurocurrency Rate Loans, such request shall be subject to the approval of the Administrator and the Banks; and in the case of any such request with respect to the issuance of Letters of Credit, such request shall be subject to the approval of the Administrator and the Issuer.

(b) Any such request shall be made to the Administrator not later than 11:00 a.m., 20 Business Days prior to the date of the desired Advance (or such other time or date as may be agreed by the Administrator and, in the case of any such request pertaining to Letters of Credit, the Issuer, in its or their sole discretion). In the case of any such request pertaining to Eurocurrency Rate Loans, the Administrator shall promptly notify each Bank thereof; and in the case of any such request pertaining to Letters of Credit, the Administrator shall promptly notify the Issuer thereof. Each Bank (in the case of any such request pertaining to Eurocurrency Rate Loans) or the Issuer (in the case of a request pertaining to Letters of Credit) shall notify the Administrator, not later than 11:00 a.m., ten Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Eurocurrency Rate Loans or Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Bank or the Issuer, as the case may be, to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Bank or the Issuer, as the case may be, to permit Eurocurrency Rate Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrator and all the Banks consent to making Eurocurrency Rate Loans in such requested currency, the Administrator shall notify the Company and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Revolving Borrowings of Eurocurrency Rate Loans; and if the Administrator and the Issuer consent to the Letters of Credit in such requested currency, the Administrator shall so notify the Company and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Letter of Credit issuances. If the Administrator shall fail to obtain consent to any request for additional currency under this Section 9.3, the Administrator shall promptly so notify the Company."

(i) The definition of "Alternative Currency Equivalent" in Section 9.7 of the Credit Agreement is hereby amended by inserting the phrase "or the Issuer, as the case may be," immediately after the term "Administrator".

(j) The definition of "Alternative Currency Sublimit" in Section 9.7 of the Credit Agreement is hereby amended by deleting the term "\$25,000,000" therein and inserting "\$150,000,000" in lieu thereof.

(k) The definition of "Dollar Equivalent" in Section 9.7 of the Credit Agreement is hereby amended by inserting the phrase "or the Issuer, as the case may be," immediately after the term "Administrator".

(l) The definition of "Outstanding Amount" in Section 9.7 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Outstanding Amount" means (a) with respect to any Loan on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings or prepayments or repayments of such Loan occurring on such date; and (b) with respect to any L/C Obligations on any date, the Dollar Equivalent amount of the aggregate outstanding amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrowers of Unreimbursed Amounts.

(m) Clause (b) of the definition of "Revaluation Date" in Section 9.7 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(b) with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the Issuer under any Letter of Credit denominated in an Alternative Currency, (iv) in the case of the Existing Letters of Credit, as of the Effective Date, and (v) such additional dates as the Administrator or the Issuer shall determine or the Majority Banks shall require.”

(n) The definition of “Same Day Funds” in Section 9.7 of the Credit Agreement is hereby amended by inserting the phrase “or the Issuer, as the case may be,” immediately after the term “Administrator”.

(o) The definition of “Spot Rate” in Section 9.7 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Spot Rate” for a currency means the rate determined by the Administrator or the Issuer, as applicable, to be the rate quoted by Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided, that the Administrator or Issuer may obtain such spot rate from another financial institution designated by the Administrator or the Issuer if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; and provided further that the Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency.

§3. Conditions to Effectiveness. This Amendment shall be deemed to be effective as of the date hereof, subject to the satisfaction of the following conditions precedent:

(a) receipt by the Co-Administrative Agents of a counterpart signature page to this Amendment duly executed and delivered by the Borrowers, the Co-Administrative Agents and the requisite Banks; and

(b) such other documents as the Co-Administrative Agents, for the benefit of the Banks and the Co-Administrative Agents, may reasonably request.

§4. Representations and Warranties. Each Borrower hereby represents and warrants to the Banks as follows:

(a) Representation and Warranties in the Credit Agreement. The representations and warranties of the Borrowers contained in the Credit Agreement were true and correct in all material respects as of the date when made and continue to be true and correct in all material respects on the date hereof, except to the extent of changes resulting from transactions or events contemplated or permitted by the Credit Agreement and the other Credit Documents and changes occurring in the ordinary course of business that singly or in the aggregate are not materially adverse to the Borrowers, or to the extent that such representations and warranties relate expressly to an earlier date.

(b) Ratification, Etc. Except as expressly amended or waived hereby, the Credit Agreement, the other Credit Documents and all documents, instruments and agreements related thereto, are hereby ratified and confirmed in all respects and shall continue in full force and effect. The Credit Agreement, together with this Amendment, shall be read and construed as a single agreement. All references in the Credit Documents to the Credit Agreement or any other Credit Document shall hereafter refer to the Credit Agreement or any other Credit Document as amended hereby.

(c) Authority, Etc. The execution and delivery by the Borrowers of this Amendment and the performance by each Borrower of all of its agreements and obligations under the Credit Agreement and the other Credit Documents as amended hereby are within the corporate authority of each Borrower and have been duly authorized by all necessary corporate action on the part of such Borrower.

(d) Enforceability of Obligations. This Amendment and the Credit Agreement and the other Credit Documents as amended hereby constitute the legal, valid and binding obligations of each Borrower enforceable against each Borrower in accordance with their terms, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of, creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(e) No Default. No Default or Event of Default has occurred and is continuing.

§5. No Other Amendments. Except as expressly provided in this Amendment, all of the terms and conditions of the Credit Agreement and the other Credit Documents remain in full force and effect. Nothing contained in this Amendment shall in any way prejudice, impair or effect any rights or remedies of any Bank or the Borrowers under the Credit Agreement or the other Credit Documents.

§6. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but which together shall constitute one instrument.

§7. Expenses. Pursuant to Section 10.1 of the Credit Agreement, all costs and expenses incurred or sustained by the Co-Administrative Agents in connection with this Amendment, including the fees and disbursements of legal counsel for the Co-Administrative Agents in producing, reproducing and negotiating the Amendment, will be for the account of the Company whether or not this Amendment is consummated.

§8. Miscellaneous. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCEABLE IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PROVISIONS THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). The captions in this Amendment are for convenience of reference only and shall not define or limit the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as a sealed instrument as of the date first above written.

KAMAN CORPORATION

By: _____
Name: Robert M. Garneau
Title: Executive Vice President and Chief Financial Officer

**RWG FRANKENJURA-INDUSTRIE FLUGWERLAGER
GMBH**

By: _____
Name: Robert M. Garneau
Title: Prokurist

BANK OF AMERICA, N.A.,
as a Co-Administrative Agent and the Administrator

By: _____
Name:
Title:

BANK OF AMERICA, N.A.,
as a Bank

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

THE BANK OF NOVA SCOTIA,
as a Co-Administrative Agent

By: _____
Name:
Title:

THE BANK OF NOVA SCOTIA,
as a Bank

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

JPMORGAN CHASE BANK, N.A.,
as a Bank

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

KEYBANK NATIONAL ASSOCIATION,
as a Bank

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

CITIBANK, N.A.,
as a Bank

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

WEBSTER BANK NATIONAL ASSOCIATION,
as a Bank

By: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

CONSENT OF GUARANTORS

Each of the undersigned hereby acknowledges and consents to Amendment No. 2 to Credit Agreement, dated as of April __, 2008, and agrees that the Domestic Subsidiary Guarantee, dated as of August 5, 2005, 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: _____

Name: Robert M. Garneau

Title: Vice President and Treasurer

KAMAN INDUSTRIAL TECHNOLOGIES CORPORATION

By: _____

Name: Robert M. Garneau

Title: Vice President and Treasurer

KAMAN AEROSPACE CORPORATION

By: _____

Name: Robert M. Garneau

Title: Vice President and Treasurer

KAMAN AEROSPACE INTERNATIONAL CORPORATION

By: _____

Name: Robert M. Garneau

Title: Vice President and Treasurer

KAMATICS CORPORATION

By: _____
Name: Robert M. Garneau
Title: Vice President and Treasurer

KAMAN X CORPORATION

By: _____
Name: Robert M. Garneau
Title: Vice President and Treasurer

K-MAX CORPORATION

By: _____
Name: Robert M. Garneau
Title: Vice President and Treasurer

KAMAN PLASTICFAB GROUP, INC.

By: _____
Name: Robert M. Garneau
Title: Vice President and Treasurer

PLASTIC FABRICATING COMPANY, INC.

By: _____
Name: Robert M. Garneau
Title: Vice President and Treasurer

KAMAN DAYRON, INC.

By: _____
Name: Robert M. Garneau
Title: Vice President and Treasurer

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is effective as of January 1, 2007 (the "Effective Date") between Kaman Corporation, a Connecticut corporation (the "Company"), and Candace A. Clark (the "Executive"), and is amended and restated as of November 11, 2008.

W I T N E S S E T H:

WHEREAS, the Executive is currently employed as the Senior Vice President, Chief Legal Officer and Secretary of the Company;

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

WHEREAS, the Executive has agreed to continued employment with the Company on the terms as set forth below;

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

1. EMPLOYMENT TERM.

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

2. POSITION & DUTIES.

(a) The Executive shall serve as the Company's Senior Vice President, Chief Legal Officer and Secretary under this Agreement during the Employment Term. As Senior Vice President, Chief Legal Officer and Secretary, the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other duties and responsibilities as the Company's Board of Directors (the "Board") shall designate that are consistent with the Executive's positions as Senior Vice President, Chief Legal Officer and Secretary.

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

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

3. **BASE SALARY.** The Company agrees to pay the Executive a base salary (the "Base Salary") during the Employment Period at an annual rate of \$339,000 (subject to possible increase if the Board, in its sole discretion, so determines), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly.

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

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

6. EMPLOYEE BENEFITS.

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

(b) VACATION. The Executive shall be entitled to at least 4 weeks paid vacation per year. Vacation may be taken at such times as the Executive elects with due regard to the needs of the Company. Unused vacation at the end of a calendar year shall be forfeited according to the Company's vacation policy.

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

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

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

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

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

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

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

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

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

- (1) the Company removing the Executive from the positions of Senior Vice President, Chief Legal Officer and Secretary (other than for Cause);
- (2) a reduction of the Executive's Base Salary, annual initial target bonus opportunity or modified bonus opportunity to the extent the modification to the initial target bonus opportunity is adverse to the Executive relative to the modification made to the initial target bonus opportunity of other senior officers of the Executive's business unit;
- (3) a failure to pay the Executive's compensation or benefits provided or referred to under this Agreement;
- (4) the Executive being required to relocate to a principal place of employment more than 50 miles from the Executive's principal place of employment with the Company as of the Effective Date; or
- (5) the assignment of duties to the Executive that are materially inconsistent with the Executive's positions as Senior Vice President, Chief Legal Officer and Secretary.

Notwithstanding the foregoing, (i) a suspension of the Executive's title and authority while on administrative leave due to a reasonable belief that the Executive has engaged in misconduct, whether or not the suspected misconduct constitutes Cause for employment termination, shall not be considered "Good Reason"; provided that if such leave is unpaid and either the Executive returns to full-time employment under this Agreement or it is subsequently determined the Executive's employment is to be terminated without Cause, then the compensation and benefits that would have been payable during such leave will be paid as soon as reasonably practicable with interest at the prime rate beginning as of the date such leave commenced plus 100 basis points; (ii) a condition shall not be considered Good Reason if the Executive does not provide written notification to the Company of the existence of a condition described above in clauses (1) – (5) above within 90 days following the initial existence of such condition, and (iii) prospective changes to employee benefits (as defined in Section 6) for future employment made on an across-the-board basis to all similarly situated executives of the Company and its subsidiaries shall not be considered Good Reason.

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

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

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

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

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

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

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

(1) Accrued Amounts;

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

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

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

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

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

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

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

(1) any Accrued Amounts;

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

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

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

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

(f) ACCELERATION OF EQUITY AWARDS

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

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

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

(h) TIMING OF BONUSES AND CERTAIN CASH-BASED LONG-TERM PERFORMANCE AWARDS

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

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

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

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

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

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

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

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

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

11. POST-EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

12. NO ASSIGNMENT.

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

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

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

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

If to the Company:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____
NEAL J. KEATING

Its: **PRESIDENT AND CHIEF
EXECUTIVE OFFICER**

Date: _____

CANDACE A. CLARK

Date: _____

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

1. Last Day of Employment. Executive's last day of employment with Employer is _____. In addition, effective as of DATE, Executive resigns from the Executive's positions as Senior Vice President, Chief Legal Officer and Secretary of Employer and will not be eligible for any benefits or compensation after _____, including payments under the Executive's Change in Control Agreement, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive effective as of January 1, 2007 (the "Employment Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.
2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 9 of the Employment Agreement.
3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Executive Officer, or his/her designee, or mailed to Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention: Chief Executive Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.
4. General Release of Claim. Subject to the full satisfaction by the Employer of its obligations under the Employment Agreement, Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer, Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____
Name:[NAME]
Title: _____
Date: _____

CANDACE A. CLARK

Date: _____

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is effective as of January 1, 2007 (the "Effective Date") between Kaman Corporation, a Connecticut corporation (the "Company"), and Ronald M. Galla (the "Executive"), and is amended and restated as of November 11, 2008.

W I T N E S S E T H:

WHEREAS, the Executive is currently employed as the Senior Vice President and Chief Information Officer of the Company;

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

WHEREAS, the Executive has agreed to continued employment with the Company on the terms as set forth below;

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

1. EMPLOYMENT TERM.

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

2. POSITION & DUTIES.

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

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

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

3. **BASE SALARY.** The Company agrees to pay the Executive a base salary (the "Base Salary") during the Employment Period at an annual rate of \$293,000 (subject to possible increase if the Board, in its sole discretion, so determines), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly.

4. **BONUSES.** The Executive shall be eligible to participate in the Company's bonus and other short and long term incentive compensation plans and programs for the Company's senior executives at a level commensurate with the Executive's position during the Employment Term. The Executive shall have the opportunity to earn an annual target bonus measured against performance criteria to be determined by the Board (or a committee thereof) of at least 45% of Base Salary as an initial target bonus opportunity as described in the terms of the Company's annual bonus plan as then in effect. Except as provided under Section 8 of the Agreement, the Executive shall receive payments with respect to the plans and programs described in this Section 4 in accordance with the terms of such plans and programs.

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

6. EMPLOYEE BENEFITS.

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

(b) VACATION. The Executive shall be entitled to at least 4 weeks paid vacation per year. Vacation may be taken at such times as the Executive elects with due regard to the needs of the Company. Unused vacation at the end of a calendar year shall be forfeited according to the Company's vacation policy.

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

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

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

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

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

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

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

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

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

- (1) the Company removing the Executive from the positions of Senior Vice President and Chief Information Officer (other than for Cause);
- (2) a reduction of the Executive's Base Salary, annual initial target bonus opportunity or modified bonus opportunity to the extent the modification to the initial target bonus opportunity is adverse to the Executive relative to the modification made to the initial target bonus opportunity of other senior officers of the Executive's business unit;
- (3) a failure to pay the Executive's compensation or benefits provided or referred to under this Agreement;
- (4) the Executive being required to relocate to a principal place of employment more than 50 miles from the Executive's principal place of employment with the Company as of the Effective Date; or
- (5) the assignment of duties to the Executive that are materially inconsistent with the Executive's positions as Senior Vice President and Chief Information Officer.

Notwithstanding the foregoing, (i) a suspension of the Executive's title and authority while on administrative leave due to a reasonable belief that the Executive has engaged in misconduct, whether or not the suspected misconduct constitutes Cause for employment termination, shall not be considered "Good Reason"; provided that if such leave is unpaid and either the Executive returns to full-time employment under this Agreement or it is subsequently determined the Executive's employment is to be terminated without Cause, then the compensation and benefits that would have been payable during such leave will be paid as soon as reasonably practicable with interest at the prime rate beginning as of the date such leave commenced plus 100 basis points; (ii) a condition shall not be considered Good Reason if the Executive does not provide written notification to the Company of the existence of a condition described above in clauses (1) – (5) above within 90 days following the initial existence of such condition, and (iii) prospective changes to employee benefits (as defined in Section 6) for future employment made on an across-the-board basis to all similarly situated executives of the Company and its subsidiaries shall not be considered Good Reason.

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

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

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

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

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

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

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

(1) Accrued Amounts;

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

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

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

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

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

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

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

(1) any Accrued Amounts;

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

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

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

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

(f) ACCELERATION OF EQUITY AWARDS

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

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

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

(h) TIMING OF BONUSES AND CERTAIN CASH-BASED LONG-TERM PERFORMANCE AWARDS

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

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

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

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

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

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

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

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

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

11. POST-EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

12. NO ASSIGNMENT.

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

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

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

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

If to the Company:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____
NEAL J. KEATING

Its: **PRESIDENT AND CHIEF
EXECUTIVE OFFICER**

Date: _____

RONALD M. GALLA

Date: _____

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____
Name:[NAME]
Title: _____
Date: _____

RONALD M. GALLA

Date: _____

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is effective as of January 1, 2007 (the "Effective Date") between Kaman Industrial Technologies Corporation (the "Company"), a subsidiary of Kaman Corporation (a Connecticut corporation) ("Kaman"), and T. Jack Cahill (the "Executive"), and is amended and restated as of November 11, 2008.

WITNESSETH:

WHEREAS, the Executive is currently employed as the President of the Company;

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

WHEREAS, the Executive has agreed to continued employment with the Company on the terms as set forth below;

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

1. **EMPLOYMENT TERM.**

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

2. **POSITION & DUTIES**

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

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

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

3. **BASE SALARY.** The Company agrees to pay the Executive a base salary (the "Base Salary") during the Employment Period at an annual rate of \$365,000 (subject to possible increase if Kaman's Board of Directors (the "Parent Board"), in its sole discretion, so determines), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly.

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

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

6. EMPLOYEE BENEFITS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Accrued Amounts;

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

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

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

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

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

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

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

(1) any Accrued Amounts;

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

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

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

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

(f) ACCELERATION OF EQUITY AWARDS

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

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

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

(h) TIMING OF BONUSES AND CERTAIN CASH-BASED LONG-TERM PERFORMANCE AWARDS

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

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

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

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

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

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

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

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

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

11. POST-EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

12. **NO ASSIGNMENT.**

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

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

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

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

If to the Company:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN INDUSTRIAL TECHNOLOGIES CORPORATION

By: _____
William C. Denninger

Its: Vice President and Treasurer

Date: _____

T. JACK CAHILL

Date: _____

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

Kaman Industrial Technologies Corporation, its affiliates, parents, subsidiaries, divisions, successors and assigns in such capacity, and the current, future and former employees, officers, directors, trustees and agents thereof (collectively referred to throughout this Agreement as "Employer"), and T. Jack Cahill ("Executive"), the Executive's heirs, executors, administrators, successors and assigns (collectively referred to throughout this Agreement as "Employee") agree:

1. Last Day of Employment. Executive's last day of employment with Employer is _____. In addition, effective as of DATE, Executive resigns from the Executive's position as President of Kaman Industrial Technologies Corporation and will not be eligible for any benefits or compensation after _____, including payments under the Executive's Change in Control Agreement, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive effective as of January 1, 2007 (the "Employment Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.
2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 9 of the Employment Agreement.
3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Legal Officer, or his/her designee, or mailed to Kaman Industrial Technologies Corporation c/o Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention Chief Legal Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.
4. General Release of Claim. Subject to the full satisfaction by the Employer of its obligations under the Employment Agreement, Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer, Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN INDUSTRIAL TECHNOLOGIES CORPORATION

By: _____
Name: William C. Denninger
Title: Vice President and
Treasurer
Date: _____

T. JACK CAHILL

Date: _____

KAMAN CORPORATION
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, is made effective as of January 1, 2007 (the "Effective Date"), by and between Kaman Corporation, a Connecticut corporation (the "Company"), and Candace A. Clark (the "Executive") and is amended and restated as of November 11, 2008.

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

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

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

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

4. Compensation Other Than Severance Payments.

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

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

5. Severance Payments.

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

- (a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.
- (b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and her dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and her dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and her dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a "limited payment" of an "in kind" benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive's taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.

- (c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an “LTIP Award”) shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award; provided, however that, if necessary for such compensation to qualify as “performance-based compensation” under Section 162(m) of the Code, an unvested Post January 1, 2009 Award (as defined herein) shall only vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award’s performance period and the denominator of which is the total number of days during such award’s performance period. For purposes of this Section 5.1(c), a “Post January 1, 2009 Award” shall mean an LTIP Award intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code with a performance period beginning after January 1, 2009.
- (d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the “Pension Plans”) or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional two years of “Credited Service” and “Continuous Service” (as defined in the Kaman Corporation Amended and Restated Employees’ Pension Plan) when calculating the Executive’s benefit under Post-2004 Kaman Corporation Supplemental Employees Retirement Plan (“SERP”). The enhancement to the SERP provided under this Section 5.1(d) shall be paid at the same time and in the same manner as other benefits provided to the Executive under the SERP. For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive’s Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees’ Pension Plan) for purposes of calculating the benefits payable under the SERP as modified by this Section 5.1(d).
- (e) If the Executive would have become entitled to benefits under the Company’s post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive’s employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive’s dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.

- (f) The Company (i) shall establish an irrevocable grantor trust holding an amount of assets sufficient to pay all remaining premiums (which trust shall be required to pay such premiums), under any insurance policy maintained by the Company insuring the life of the Executive, that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive. Notwithstanding the foregoing, in no event shall the Company establish or fund any such rabbi trust in a manner or on terms that would result in the imposition of any tax, penalty or interest under Section 409A(b)(1) of the Code and in no event shall the Company be obligated to, nor shall it, fund any such rabbi trust “in connection with a change in the employer’s financial health” within the meaning of Section 409A(b)(2) of the Code. In the event that one or more premiums become due and payable during the six-month period beginning on the Executive’s employment termination, the Company shall timely notify the Executive so that any such premium payment can be made by the Executive directly to the insurance carrier. At the end of such six-month period, the Company shall reimburse the Executive for all such premiums paid by the Executive, with interest at the applicable federal rate under Section 1274 of the Code, determined as of the Date of Termination.
- (g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars (\$30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive’s first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a “deferral of compensation” for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).
- (h) The Executive shall be entitled to the Company automobile provided to the Executive immediately prior to employment termination under this Section 5.1 at no cost for a period of six months after employment termination (the “Car Lease Benefit”). Notwithstanding the foregoing, the Executive must pay the Company for the fair market value of the Car Lease Benefit to the extent that it, when added to the cost of continued accidental death and dismemberment coverage under Section 5.1(b) during this six month period, exceeds the applicable dollar amount under Section 402(g)(1)(B) of the Code. It is intended that the Car Lease Benefit qualify as a “limited payment” of an “in-kind” benefit under Treas. Reg. Sect. 1.409A-1(a)(9)(v)(C) and (D). The Company shall continue to maintain an insurance policy that will cover the Executive’s use during the period of the Car Lease Benefit.
- (i) On the first business day following expiration of the Car Lease Benefit, the Company shall transfer all of its then current rights to the Company automobile described in Section 5.1(h) above to the Executive.

- (j) The Executive acknowledges that the Car Lease Benefit (less payments by the Executive, if any) and the Company's transfer of its rights to the Company automobile to the Executive will constitute taxable compensation reportable by the Company on IRS Form W-2.

5.2

Section 4999 Excise Tax.

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

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

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

5.5 Coordination with Employment Agreement.

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

6. Termination Procedures and Compensation During Dispute.

6.1 Notice of Termination. After a Change in Control, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 9 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the

affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

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

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

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

Agreement or otherwise.

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

8. Successors; Binding Agreement.

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

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

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

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

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

10. Obligations after the Date of Termination.

- (a) Confidentiality. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's employment and for the benefit of the Company, at any time following the Date of Termination, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, the Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.
- (b) Non-Solicitation. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Company or any of its subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).
- (c) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.
- (d) Non-Disparagement. Each of the Executive and the Company (for purposes hereof, "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates, officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 10(d).

- (e) Return of Company Property and Records. The Executive agrees that upon termination of the Executive's employment, for any cause whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive's employment with the Company.
- (f) Cooperation. The Executive agrees that, following termination of the Executive's employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Company with regard to any matter or project in which the Executive was involved during the Executive's employment, including any litigation. The Company shall compensate the Executive for any lost wages (or, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and expenses associated with such cooperation and assistance.
- (g) Assignment of Inventions. The Executive will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called "Inventions"), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive's right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

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

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

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

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

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

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

- (c) “Board” shall mean the Board of Directors of the Company.
- (d) “Cause” for termination by the Company of the Executive’s employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.
- (e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:
- (i) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Company representing thirty-five (35%) or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company or a transaction described in clause (A) of paragraph (iii) below;
 - (ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Company subsequent to the beginning of such period whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company and whose appointment or election was not approved by at least a majority of the directors of the Company in office immediately before any such contest;

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

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

- (f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.
- (g) "Company" shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets.
- (h) "Consultant" shall have the meaning set forth in Appendix A of this Agreement.

- (i) "Date of Termination" shall have the meaning set forth in Section 6.2 of this Agreement.
- (j) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.
- (k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (l) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.
- (m) "Executive" shall mean the individual named in the preamble to this Agreement
- (n) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control (if more than one Change in Control has occurred, any reference to a Change in Control in this subsection (n) shall refer to the most recent Change in Control), of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (i), (v), (vi), or (vii) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:
 - (i) the assignment to the Executive of any duties inconsistent with the Executive's status as Senior Vice President, Chief Legal Officer and Secretary of the Company or a substantial diminution in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;
 - (ii) a reduction by the Company in the Executive's annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;
 - (iii) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to the Change in Control or the Company's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;

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

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

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

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

- (q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.
- (r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.
- (s) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.
- (t) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.
- (u) “Subsidiary” shall mean any corporation within the meaning of Section 424(f) of the Code.
- (v) “Term” shall mean the period of time described in Section 2 of this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this agreement.

Kaman Corporation

By: Neal J. Keating
Its: President and Chief Executive Officer

Date

Executive

Candace A. Clark

Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

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

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

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

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

APPENDIX B

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____

Name:

Title: _____

Date: _____

Candace A. Clark

Date: _____

KAMAN CORPORATION
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, is made effective as of January 1, 2007 (the "Effective Date"), by and between Kaman Corporation, a Connecticut corporation (the "Company"), and Ronald M. Galla (the "Executive") and is amended and restated as of November 11, 2008.

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

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

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

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

4. Compensation Other Than Severance Payments.

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

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

5. Severance Payments.

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

- (a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.
- (b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a "limited payment" of an "in kind" benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive's taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.

- (c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an "LTIP Award") shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award; provided, however that, if necessary for such compensation to qualify as "performance-based compensation" under Section 162(m) of the Code, an unvested Post January 1, 2009 Award (as defined herein) shall only vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award's performance period and the denominator of which is the total number of days during such award's performance period. For purposes of this Section 5.1(c), a "Post January 1, 2009 Award" shall mean an LTIP Award intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code with a performance period beginning after January 1, 2009.
- (d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the "Pension Plans") or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional two years of "Credited Service" and "Continuous Service" (as defined in the Kaman Corporation Amended and Restated Employees' Pension Plan) when calculating the Executive's benefit under Post-2004 Kaman Corporation Supplemental Employees Retirement Plan ("SERP"). The enhancement to the SERP provided under this Section 5.1(d) shall be paid at the same time and in the same manner as other benefits provided to the Executive under the SERP. For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive's Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) for purposes of calculating the benefits payable under the SERP as modified by this Section 5.1(d).

- (e) If the Executive would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.
- (f) The Company (i) shall establish an irrevocable grantor trust holding an amount of assets sufficient to pay all remaining premiums (which trust shall be required to pay such premiums), under any insurance policy maintained by the Company insuring the life of the Executive, that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive. Notwithstanding the foregoing, in no event shall the Company establish or fund any such rabbi trust in a manner or on terms that would result in the imposition of any tax, penalty or interest under Section 409A(b)(1) of the Code and in no event shall the Company be obligated to, nor shall it, fund any such rabbi trust "in connection with a change in the employer's financial health" within the meaning of Section 409A(b)(2) of the Code. In the event that one or more premiums become due and payable during the six-month period beginning on the Executive's employment termination, the Company shall timely notify the Executive so that any such premium payment can be made by the Executive directly to the insurance carrier. At the end of such six-month period, the Company shall reimburse the Executive for all such premiums paid by the Executive, with interest at the applicable federal rate under Section 1274 of the Code, determined as of the Date of Termination.
- (g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars (\$30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive's first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a "deferral of compensation" for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).
- (h) The Executive shall be entitled to the Company automobile provided to the Executive immediately prior to employment termination under this Section 5.1 at no cost for a period of six months after employment termination (the "Car Lease Benefit"). Notwithstanding the foregoing, the Executive must pay the Company for the fair market value of the Car Lease Benefit to the extent that it, when added to the cost of continued accidental death and dismemberment coverage under Section 5.1(b) during this six month period, exceeds the applicable dollar amount under Section 402(g)(1)(B) of the Code. It is intended that the Car Lease Benefit qualify as a "limited payment" of an "in-kind" benefit under Treas. Reg. Sect. 1.409A-1(a)(9)(v)(C) and (D). The Company shall continue to maintain an insurance policy that will cover the Executive's use during the period of the Car Lease Benefit.

- (i) On the first business day following expiration of the Car Lease Benefit, the Company shall transfer all of its then current rights to the Company automobile described in Section 5.1(h) above to the Executive.
- (j) The Executive acknowledges that the Car Lease Benefit (less payments by the Executive, if any) and the Company's transfer of its rights to the Company automobile to the Executive will constitute taxable compensation reportable by the Company on IRS Form W-2.

5.2 Section 4999 Excise Tax.

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

- (c) The process for calculating the Excise Tax, determining the amount of any Gross-Up Payment and other procedures relating to this Section 5.2 are set forth in Appendix A attached hereto. For purposes of making the determinations and calculations required herein, the Consultant may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Consultant shall make such determinations and calculations on the basis of “substantial authority” (within the meaning of Section 6662 of the Code) and shall provide opinions to that effect to both the Company and Executive.

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

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

5.5 Coordination with Employment Agreement.

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

6. Termination Procedures and Compensation During Dispute.

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

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

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

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

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

8. Successors; Binding Agreement.

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

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

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

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

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

10. Obligations after the Date of Termination.

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

- (c) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.
- (d) Non-Disparagement. Each of the Executive and the Company (for purposes hereof, "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates, officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 10(d).
- (e) Return of Company Property and Records. The Executive agrees that upon termination of the Executive's employment, for any cause whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive's employment with the Company.
- (f) Cooperation. The Executive agrees that, following termination of the Executive's employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Company with regard to any matter or project in which the Executive was involved during the Executive's employment, including any litigation. The Company shall compensate the Executive for any lost wages (or, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and expenses associated with such cooperation and assistance.

- (g) Assignment of Inventions. The Executive will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called "Inventions"), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive's right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.
- (h) Equitable Relief and Other Remedies. The parties acknowledge and agree that the other party's remedies at law for a breach or threatened breach of any of the provisions of this Section would be inadequate and, in recognition of this fact, the parties agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the other party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.
- (i) Reformation. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.
- (j) Survival of Provisions. The obligations contained in this Section 10 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

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

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

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

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

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

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

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

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

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

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

- (a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
- (b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
- (c) "Board" shall mean the Board of Directors of the Company.
- (d) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.

- (e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:
- (i) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Company representing thirty-five (35%) or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company or a transaction described in clause (A) of paragraph (iii) below;
 - (ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Company subsequent to the beginning of such period whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company and whose appointment or election was not approved by at least a majority of the directors of the Company in office immediately before any such contest;
 - (iii) there is consummated a Merger of the Company with any other business entity, other than (A) a Merger which would result in the securities of the Company generally entitled to vote in the election of directors of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding such securities under an employee benefit plan of the Company or any Subsidiary, at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger, generally entitled to vote in the election of directors of the Company or such surviving entity or any parent thereof and, in the case of such surviving entity or any parent thereof, of a class registered under Section 12 of the Exchange Act, or (B) a Merger effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; or
 - (iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company’s assets, other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity where the outstanding securities generally entitled to vote in the election of directors of the Company immediately prior to the transaction continue to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof) 50% or more of the combined voting power of the outstanding voting securities of such entity generally entitled to vote in such entity’s election of directors immediately after such sale and of a class registered under Section 12 of the Exchange Act.

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

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

- (i) the assignment to the Executive of any duties inconsistent with the Executive's status as Senior Vice President and Chief Information Officer of the Company or a substantial diminution in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;
- (ii) a reduction by the Company in the Executive's annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;
- (iii) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to the Change in Control or the Company's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;
- (iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;
- (v) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation (including, but not limited to, the Kaman Corporation Compensation Administration Plan, Kaman Corporation Cash Bonus Plan, and Kaman Corporation 2003 Stock Incentive Plan), unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;
- (vi) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's life insurance, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control, the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control, provided, however, that this paragraph shall not be construed to require the Company to provide the Executive with a defined benefit pension plan if no such plan is provided to similarly situated executive officers of the Company or its Affiliates;

- (vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or
- (viii) the failure of any successor to Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms prior to the effectiveness of any such succession.

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

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

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

- (p) “Management Buyout” means any event or transaction which would otherwise constitute a Change in Control (a “Transaction”) if, in connection with the Transaction, the Executive, members of the Executive’s immediate family, and/or the “Executive’s Affiliates” (as defined below) participate, directly or beneficially, as an equity investor in, or have the option or right to acquire, whether or not vested, equity interests of, the acquiring entity or any of its Affiliates (the “Acquiror”) having a percentage interest therein greater than 1%. For purposes of the preceding sentence, a party shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the party of an incentive compensation award under one or more incentive plans of the Acquiror (including, but not limited to, the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other employees of the Company at a comparable level as such party immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title and the like, or (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other shareholders of the Company or (iii) the party’s interests in any tax-qualified defined benefit or defined contribution pension or retirement plan in which such party or any family member is a participant or beneficiary. The “Executive’s Affiliates” at any time consist of any entity in which the Executive and/or members of the Executive’s immediate family then own, directly or beneficially, or have the option or right to acquire, whether or not vested, greater than 10% of such entity’s equity interests, and all then current directors and executive officers of the Company who are members of any group, that also includes the Executive, a member of the Executive’s immediate family and/or any such entity, in which the members have agreed to act together for the purpose of participating in the Transaction. The Executive’s immediate family consists of the Executive’s spouse, parents, children and grandchildren.
- (q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.
- (r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.
- (s) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.
- (t) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.
- (u) “Subsidiary” shall mean any corporation within the meaning of Section 424(f) of the Code.
- (v) “Term” shall mean the period of time described in Section 2 of this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this agreement.

Kaman Corporation

By: Neal J. Keating
Its: President and Chief Executive Officer

Date

Executive

Ronald M. Galla

Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

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

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

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

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

APPENDIX B

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____

Name:

Title: _____

Date: _____

Ronald M. Galla

Date: _____

KAMAN INDUSTRIAL TECHNOLOGIES CORPORATION
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT, is made effective as of January 1, 2007 (the "Effective Date"), by and between Kaman Industrial Technologies Corporation (the "Company"), a subsidiary of Kaman Corporation, a Connecticut corporation (the "Parent Company"), and T. Jack Cahill (the "Executive").and is amended and restated as of November 11, 2008.

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

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

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

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

4. Compensation Other Than Severance Payments.

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

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

5. Severance Payments.

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

- (a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.
- (b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a "limited payment" of an "in kind" benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive's taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.

- (c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Parent Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an "LTIP Award") shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award; provided, however that, if necessary for such compensation to qualify as "performance-based compensation" under Section 162(m) of the Code, an unvested Post January 1, 2009 Award (as defined herein) shall only vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award's performance period and the denominator of which is the total number of days during such award's performance period. For purposes of this Section 5.1(c), a "Post January 1, 2009 Award" shall mean an LTIP Award intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code with a performance period beginning after January 1, 2009.
- (d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the "Pension Plans") or any successor plan thereto, effective upon the Date of Termination, the Executive's Annual Benefit (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) shall be multiplied by a fraction, the numerator of which is 32, and the denominator of which is 30, for purposes of determining the Executive's benefit under the Post-2004 Kaman Corporation Supplemental Employees' Retirement Plan ("SERP"). The enhancement to the SERP provided under this Section 5.1(d) shall be paid at the same time and in the same manner as other benefits provided to the Executive under the SERP. For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive's Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) for purposes of calculating the benefits payable under the SERP as modified by this Section 5.1(d).

- (e) If the Executive would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.
- (f) The Company (i) shall prepay all remaining premiums under any insurance policy maintained by the Company insuring the life of the Executive that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive.
- (g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars (\$30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive's first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a "deferral of compensation" for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).
- (h) The Executive shall be entitled to the Company automobile provided to the Executive immediately prior to employment termination under this Section 5.1 at no cost for a period of six months after employment termination (the "Car Lease Benefit"). Notwithstanding the foregoing, the Executive must pay the Company for the fair market value of the Car Lease Benefit to the extent that it, when added to the cost of continued accidental death and dismemberment coverage under Section 5.1(b) during this six month period, exceeds the applicable dollar amount under Section 402(g)(1)(B) of the Code. It is intended that the Car Lease Benefit qualify as a "limited payment" of an "in-kind" benefit under Treas. Reg. Sect. 1.409A-1(a)(9)(v)(C) and (D). The Company shall continue to maintain an insurance policy that will cover the Executive's use during the period of the Car Lease Benefit.
- (i) On the first business day following expiration of the Car Lease Benefit, the Company shall transfer all of its then current rights to the Company automobile described in Section 5.1(h) above to the Executive.
- (j) The Executive acknowledges that the Car Lease Benefit (less payments by the Executive, if any) and the Company's transfer of its rights to the Company automobile to the Executive will constitute taxable compensation reportable by the Company on IRS Form W-2.

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

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

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

5.5 Coordination with Employment Agreement.

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

6. Termination Procedures and Compensation During Dispute.

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

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

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

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

7. No Mitigation. The Company agrees that under this Agreement, if the Executive’s employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 5 of this Agreement or Section 6.4 of this Agreement. Further, the

amount of any payment or benefit provided for in this Agreement (other than as specifically provided in Section 5.1(b) of this Agreement) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Successors; Binding Agreement.

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

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

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

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

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

10. Obligations after the Date of Termination.

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

- (b) Non-Solicitation. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Parent Company or the Company or any of their subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Parent Company or the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Parent Company or Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).
- (c) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Parent Company and the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Parent Company or the Company within the geographical area in which the business of the Parent Company or the Company is conducted.
- (d) Non-Disparagement. Each of the Executive and the Company (for purposes hereof, "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates (including parents and subsidiaries), officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 10(d).

- (e) Return of Company Property and Records. The Executive agrees that upon termination of the Executive's employment, for any cause whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive's employment with the Company.
- (f) Cooperation. The Executive agrees that, following termination of the Executive's employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Parent Company and the Company with regard to any matter or project in which the Executive was involved during the Executive's employment, including any litigation. The Company shall compensate the Executive for any lost wages (or, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and expenses associated with such cooperation and assistance.
- (g) Assignment of Inventions. The Executive will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called "Inventions"), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive's right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

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

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

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

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

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and a member of the Board or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity,

interpretation, construction and performance of this Agreement shall be governed by the laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

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

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

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

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

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

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

- (a) “Affiliate” shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
- (b) “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
- (c) “Board” shall mean the Board of Directors of the Company.
- (d) “Cause” for termination by the Company of the Executive’s employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Parent Company, the Company, or their subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.
- (e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:
- (i) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Parent Company representing thirty-five (35%) or more of the combined voting power of the Parent Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Parent Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Parent Company or a transaction described in clause (A) of paragraph (iii) below;
- (ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a

director of the Parent Company subsequent to the beginning of such period whose election, or nomination for election by the Parent Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Parent Company and whose appointment or election was not approved by at least a majority of the directors of the Parent Company in office immediately before any such contest;

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

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

(v) a Sale of the Company.

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

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

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

- (vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or
- (viii) the failure of any successor to Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms prior to the effectiveness of any such succession.

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

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

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

- (q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.
- (r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.
- (s) “Parent Company” shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Parent Company has occurred, shall include any successor to its business and/or assets.
- (t) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.
- (u) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Parent Company or the Company or any of their direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Parent Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.
- (v) “Sale of the Company” shall mean a sale of all or substantially all of the securities or all or substantially all of the assets of the Company or the Merger of the Company with or into any Person, other than a Merger which would result in the voting securities of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger and generally entitled to vote in the election of directors of the Company or such surviving entity or parent thereof.

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

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

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

IN WITNESS WHEREOF, the parties have executed this agreement.

Kaman Industrial Technologies Corporation

By: William C. Denninger
Its: Vice President and Treasurer

Date

Executive

T. Jack Cahill

Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

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

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

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

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

APPENDIX B

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

Kaman Industrial Technologies Corporation, its affiliates, parents, subsidiaries, divisions, successors and assigns in such capacity, and the current, future and former employees, officers, directors, trustees and agents thereof (collectively referred to throughout this Agreement as "Employer"), and T. Jack Cahill ("Executive"), the Executive's heirs, executors, administrators, successors and assigns (collectively referred to throughout this Agreement as "Employee") agree:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN INDUSTRIAL TECHNOLOGIES
CORPORATION

By: _____
Name: William C. Denninger
Title: Vice President and Treasurer
Date: _____

T. Jack Cahill

Date: _____

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made as of August 7, 2007 between KAMAN CORPORATION, a Connecticut corporation (the "Company"), and NEAL J. KEATING (the "Executive"), and is amended and restated as of November 11, 2008.

W I T N E S S E T H:

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

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

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

1. EMPLOYMENT TERM; NO CONFLICTING CONTRACTUAL OBLIGATIONS.

(a) The Executive's term of employment under this Agreement shall be for an initial term commencing on September 17, 2007 (the "Effective Date") and shall end on the third anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the initial term of this Agreement or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall terminate upon its expiration date. The initial term of this Agreement, as it may be extended from year to year thereafter, is herein referred to as the "Employment Term." In all events hereunder, Executive's employment is subject to earlier termination pursuant to Section 7 hereof, and upon such earlier termination the Employment Term shall be deemed to have ended.

(b) Executive represents that there are no agreements, understandings or legal requirements applicable to him that prohibit the execution of this Agreement or prohibit or otherwise limit the performance of his obligations hereunder or his duties as an employee of the Company nor will the execution of this Agreement and the performance of such obligations or duties result in a conflict of interest between him and any other party.

2. POSITION & DUTIES.

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

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

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

3. **BASE SALARY.** The Company agrees to pay the Executive a base salary (the "Base Salary") during the Employment Term at an annual rate of \$675,000 (subject to possible increase if the Board, in its sole discretion, so determines), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly.

4. **BONUSES.** The Executive shall be eligible to participate in the Company's bonus and other short and long term incentive compensation plans and programs for the Company's senior executives at a level commensurate with the Executive's position during the Employment Term. The Executive shall have the opportunity to earn an annual target bonus measured against performance criteria to be determined by the Board (or a committee thereof) of at least 80% of Base Salary as an initial target bonus opportunity as described in the terms of the Company's annual bonus plan as then in effect. Except as provided under Section 8 of the Agreement, the Executive shall receive payments with respect to the plans and programs described in this Section 4 in accordance with the terms of such plans and programs.

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

6. EMPLOYEE BENEFITS.

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

(b) VACATION. The Executive shall be entitled to at least 4 weeks paid vacation per year. Vacation may be taken at such times as the Executive elects with due regard to the needs of the Company. Unused vacation at the end of a calendar year shall be forfeited according to the Company's vacation policy.

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

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

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

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

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

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

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

(c) **CAUSE.** Immediately upon written notice by the Company to the Executive of a termination for Cause. “Cause” shall mean (i) Executive’s conviction of (or a plea of guilty or nolo contendere to) a felony or any crime involving moral turpitude, dishonesty, fraud, theft or financial impropriety; or (ii) a determination by a majority of the Board in good faith that Executive has (A) willfully and continuously failed to perform substantially the Executive’s duties (other than any such failure resulting from the Executive’s Disability or incapacity due to bodily injury or physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board that specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, (B) engaged in illegal conduct, an act of dishonesty or gross misconduct, in each case which is in the course of the Executive’s employment and materially injurious to the Company, (C) willfully violated a material requirement of the Company’s code of conduct or the Executive’s fiduciary duty to the Company, or (D) violated Section 1(b) of this Agreement. No act or failure to act on the part of the Executive shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive’s action or omission was in, or not opposed to, the best interests of the Company. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.

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

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

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

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

- (3) a failure to pay the Executive's compensation or benefits provided or referred to under this Agreement;
- (4) the Executive being required to relocate to a principal place of employment more than 50 miles from the Executive's principal place of employment with the Company as of the Effective Date; or
- (5) the assignment of duties to the Executive that are materially inconsistent with the Executive's positions as President and Chief Executive Officer.

Notwithstanding the foregoing, (i) a suspension of the Executive's title and authority while on administrative leave due to a reasonable belief that the Executive has engaged in misconduct, whether or not the suspected misconduct constitutes Cause for employment termination, shall not be considered "Good Reason"; provided that if such leave is unpaid and either the Executive returns to full-time employment under this Agreement or it is subsequently determined the Executive's employment is to be terminated without Cause, then the compensation and benefits that would have been payable during such leave will be paid as soon as reasonably practicable with interest at the prime rate beginning as of the date such leave commenced plus 100 basis points; (ii) a condition shall not be considered Good Reason if the Executive does not provide written notification to the Company of the existence of a condition described above in clauses (1) – (5) above within 90 days following the initial existence of such condition, and (iii) prospective changes to employee benefits (as defined in Section 6) for future employment made on an across-the-board basis to all similarly situated executives of the Company and its subsidiaries shall not be considered Good Reason.

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

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

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

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

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

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

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

(1) Accrued Amounts;

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

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

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

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

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

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

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

(1) any Accrued Amounts;

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

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

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

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

(f) ACCELERATION OF EQUITY AWARDS

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

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

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

(h) TIMING OF BONUSES AND CERTAIN CASH-BASED LONG-TERM PERFORMANCE AWARDS

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

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

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

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

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

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

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

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

10. SECTION 4999 EXCISE TAX. The Company shall provide the Executive with a “Gross-Up Payment”, as defined in the Change in Control Agreement between the Company and the Executive effective as of August 7, 2007, in the event that any payment made under this Agreement is subject to excise tax under Section 4999 of the Code and the Change in Control Agreement does not apply to such payment.

11. POST-EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

12. **NO ASSIGNMENT.**

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

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

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

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

If to the Company:

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

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

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

15. PRIOR AGREEMENTS. This Agreement supersedes any previous agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which may exist between the parties, except that it is specifically acknowledged by the Company that this Agreement does not supersede the Employment Offer Letter dated August 7, 2007 between the parties and which is incorporated by reference in this Agreement, nor does it supersede the Change in Control Agreement, or any existing employee benefits as described in Section 6 above or otherwise provided by the Company or its affiliates.

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____
CANDACE A. CLARK

Its: **SENIOR VICE PRESIDENT, CHIEF LEGAL
OFFICER AND SECRETARY**

Date: _____

NEAL J. KEATING

Date: _____

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

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

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

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

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

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

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

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

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

7. Cooperation; Return of Property. In accordance with Section 1 l(f) of the Employment Agreement, Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. Employee represents that Executive has complied with Section 1 l(e) of the Employee Agreement regarding the return of property.

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____

Name:

Title: _____

Date: _____

Neal J. Keating

Date: _____

KAMAN CORPORATION
AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT is made effective as of August 7, 2007 by and between KAMAN CORPORATION, a Connecticut corporation (the "Company"), and NEAL J. KEATING (the "Executive"), and is amended and restated as of November 11, 2008.

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

WHEREAS, in furtherance of this objective, the Company and Executive have executed an Employment Agreement dated as of August 7, 2007 with the term of such agreement beginning September 17, 2007 (the "Effective Date"); and

WHEREAS, the Board recognizes that the possibility of a Change in Control exists and that such possibility, which will not be addressed by the Employment Agreement, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without the potential distractions arising from the possibility of a Change in Control;

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

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

4. Compensation Other Than Severance Payments.

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

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

5. Severance Payments.

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

- (a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) three (3) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) three (3) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three (3) years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.
- (b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a "limited payment" of an "in kind" benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive's taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.

- (c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an “LTIP Award”) shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award; provided, however that, if necessary for such compensation to qualify as “performance-based compensation” under Section 162(m) of the Code, an unvested Post January 1, 2009 Award (as defined herein) shall only vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award’s performance period and the denominator of which is the total number of days during such award’s performance period. For purposes of this Section 5.1(c), a “Post January 1, 2009 Award” shall mean an LTIP Award intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code with a performance period beginning after January 1, 2009.
- (d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the “Pension Plans”) or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional three (3) years of “Credited Service” and “Continuous Service” (as defined in the Kaman Corporation Amended and Restated Employees’ Pension Plan) when calculating the Executive’s benefit under Post-2004 Kaman Corporation Supplemental Employees Retirement Plan (“SERP”). The enhancement to the SERP provided under this Section 5.1(d) shall be paid at the same time and in the same manner as other benefits provided to the Executive under the SERP. For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive’s Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees’ Pension Plan) for purposes of calculating the benefits payable under the SERP as modified by this Section 5.1(d).

- (e) If the Executive would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.
- (f) The Company (i) shall prepay all remaining premiums under any insurance policy maintained by the Company insuring the life of the Executive that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive.
- (g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars (\$30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive's first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a "deferral of compensation" for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).
- (h) The Executive shall be entitled to the Company automobile provided to the Executive immediately prior to employment termination under this Section 5.1 at no cost for a period of six months after employment termination (the "Car Lease Benefit"). Notwithstanding the foregoing, the Executive must pay the Company for the fair market value of the Car Lease Benefit to the extent that it, when added to the cost of continued accidental death and dismemberment coverage under Section 5.1(b) during this six month period, exceeds the applicable dollar amount under Section 402(g)(1)(B) of the Code. It is intended that the Car Lease Benefit qualify as a "limited payment" of an "in-kind" benefit under Treas. Reg. Sect. 1.409A-1(a)(9)(v)(C) and (D). The Company shall continue to maintain an insurance policy that will cover the Executive's use during the period of the Car Lease Benefit.
- (i) On the first business day following expiration of the Car Lease Benefit, the Company shall transfer all of its then current rights to the Company automobile described in Section 5.1(h) above to the Executive.

- (j) The Executive acknowledges that the Car Lease Benefit (less payments by the Executive, if any) and the Company's transfer of its rights to the Company automobile to the Executive will constitute taxable compensation reportable by the Company on IRS Form W-2.

5.2

Section 4999 Excise Tax.

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

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

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

5.5 Coordination with Employment Agreement.

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

6. Termination Procedures and Compensation During Dispute.

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

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

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

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

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

8. Successors; Binding Agreement.

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

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

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

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

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

10. Obligations after the Date of Termination.

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

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

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

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

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

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

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and the President of the Company or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.
13. Validity; Counterparts. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Prior Agreements. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which may exist between the parties, except that it is specifically acknowledged by the Company that this Agreement does not supersede the Employment Offer Letter dated August 7, 2007 between the parties or the Executive Employment Agreement.
15. Coordination with Employment Agreement. In the event that the Executive receives compensation or benefits under the Executive's Employment Agreement and thereafter becomes entitled to similar compensation or benefits under this Agreement, the compensation and benefits paid or provided under the Employment Agreement shall be an offset against the similar compensation and benefits payable or to be provided under this Agreement.
16. Settlement of Disputes. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
17. Arbitration. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Hartford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

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

- (a) “Affiliate” shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
- (b) “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
- (c) “Board” shall mean the Board of Directors of the Company.
- (d) “Cause” for termination by the Company of the Executive’s employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise, or (iii) violation of section 1(b) of the Executive Employment Agreement between Executive and the Company. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.
- (e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:
 - (i) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Company representing thirty-five (35%) or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company or a transaction described in clause (A) of paragraph (iii) below;

- (ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Company subsequent to the beginning of such period whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company and whose appointment or election was not approved by at least a majority of the directors of the Company in office immediately before any such contest;
- (iii) there is consummated a Merger of the Company with any other business entity, other than (A) a Merger which would result in the securities of the Company generally entitled to vote in the election of directors of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding such securities under an employee benefit plan of the Company or any Subsidiary, at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger, generally entitled to vote in the election of directors of the Company or such surviving entity or any parent thereof and, in the case of such surviving entity or any parent thereof, of a class registered under Section 12 of the Exchange Act, or (B) a Merger effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Company; or
- (iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company’s assets, other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity where the outstanding securities generally entitled to vote in the election of directors of the Company immediately prior to the transaction continue to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof) 50% or more of the combined voting power of the outstanding voting securities of such entity generally entitled to vote in such entity’s election of directors immediately after such sale and of a class registered under Section 12 of the Exchange Act.

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

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

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

- (vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or
- (viii) the failure of any successor to Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms prior to the effectiveness of any such succession.

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

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

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

- (q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.
- (r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.
- (s) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.
- (t) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.
- (u) “Subsidiary” shall mean any corporation within the meaning of Section 424(f) of the Code.
- (v) “Term” shall mean the period of time described in Section 2 of this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this Agreement.

Kaman Corporation

By: Candace A. Clark
Its: Senior Vice President, Chief Legal Officer and Secretary

Date

Neal J. Keating

Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

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

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

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

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

APPENDIX B

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KAMAN CORPORATION

By: _____

Name:[NAME]

Title: _____

Date: _____

Neal J. Keating

Date: _____

EXECUTIVE EMPLOYMENT AGREEMENT

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

W I T N E S S E T H:

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

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

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

1. EMPLOYMENT TERM.

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

2. POSITION & DUTIES.

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

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

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

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

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

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

6. EMPLOYEE BENEFITS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Accrued Amounts;

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

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

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

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

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

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

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

(1) any Accrued Amounts;

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

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

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

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

(f) ACCELERATION OF EQUITY AWARDS

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

(g) COORDINATION WITH CHANGE IN CONTROL AGREEMENT.

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

(h) TIMING OF BONUSES AND CERTAIN CASH-BASED LONG-TERM PERFORMANCE AWARDS

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

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

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

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

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

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

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

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

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

11. POST-EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

12. **NO ASSIGNMENT.**

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

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

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

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

If to the Company:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

KAMAN AEROSPACE GROUP, INC.

By: _____
William C. Denninger

Its: Vice President and Treasurer _____

Date: _____

GREGORY L. STEINER

Date: _____

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

Kaman Aerospace Group, Inc., its affiliates, parents, subsidiaries, divisions, successors and assigns in such capacity, and the current, future and former employees, officers, directors, trustees and agents thereof (collectively referred to throughout this Agreement as "Employer"), and Greg Steiner ("Executive"), the Executive's heirs, executors, administrators, successors and assigns (collectively referred to throughout this Agreement as "Employee") agree:

1. Last Day of Employment. Executive's last day of employment with Employer is. In addition, effective as of DATE, Executive resigns from the Executive's position as President of Kaman Aerospace Group, Inc. and will not be eligible for any benefits or compensation after , including payments under the Executive's Change in Control Agreement, other than as specifically provided in Sections 6 and 8 of the Executive Employment Agreement between Employer and Executive effective as of January 1, 2007 (the "Employment Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.

2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 9 of the Employment Agreement.

3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Legal Officer, or his/her designee, or mailed to Kaman Aerospace Group, Inc. c/o Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention: Chief Legal Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.

4. General Release of Claim. Subject to the full satisfaction by the Employer of its obligations under the Employment Agreement, Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer, Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

- Title VII of the Civil Rights Act of 1964, as amended;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974, as amended;
- The Immigration Reform and Control Act, as amended;
- The Americans with Disabilities Act of 1990, as amended;
- The Age Discrimination in Employment Act of 1967, as amended;
- The Older Workers Benefit Protection Act of 1990;
- The Worker Adjustment and Retraining Notification Act, as amended;
- The Occupational Safety and Health Act, as amended;
- The Family and Medical Leave Act of 1993;
- Any wage payment and collection, equal pay and other similar laws, acts and statutes of the State of Connecticut;
- Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance;
- Any public policy, contract, tort, or common law; or
- Any allegation for costs, fees, or other expenses including attorneys fees incurred in these matters.

Notwithstanding anything herein to the contrary, the sole matters to which the Agreement and General Release do not apply are: (i) Employee's express rights under any pension (including but not limited to any rights under the Kaman Corporation Supplemental Retirement Plan) or claims for accrued vested benefits under any other employee benefit plan, policy or arrangement maintained by Employer or under COBRA and other Accrued Amounts (as such term is defined in the Employment Agreement); (ii) Employee's rights under the provisions of the Employment Agreement which are intended to survive termination of employment; or (iii) Employee's rights as a stockholder.

5. No Claims Permitted. Employee waives Executive's right to file any charge or complaint against Employer arising out of Executive's employment with or separation from Employer before any federal, state or local court or any state or local administrative agency, except where such waivers are prohibited by law.

6. Affirmations. Employee affirms Executive has not filed, has not caused to be filed, and is not presently a party to, any claim, complaint, or action against Employer in any forum. Employee further affirms that the Executive has been paid and/or has received all compensation, wages, bonuses, commissions, and/or benefits to which Executive may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to Executive, except as provided in Sections 6 and 8 of the Employment Agreement. Employee also affirms Executive has no known workplace injuries.

7. Cooperation; Return of Property. In accordance with Section 11(f) of the Employment Agreement, Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. Employee represents that Executive has complied with Section 11(e) of the Employee Agreement regarding the return of property.

8. Governing Law and Interpretation. This Agreement and General Release shall be governed and conformed in accordance with the laws of the State of Connecticut without regard to its conflict of laws provisions. In the event Employee or Employer breaches any provision of this Agreement and General Release, Employee and Employer affirm either may institute an action to specifically enforce any term or terms of this Agreement and General Release. Should any provision of this Agreement and General Release be declared illegal or unenforceable by any court of competent jurisdiction and should the provision be incapable of being modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement and General Release in full force and effect. Nothing herein, however, shall operate to void or nullify any general release language contained in the Agreement and General Release.

9. No Admission of Wrongdoing. Employee agrees neither this Agreement and General Release nor the furnishing of the consideration for this Release shall be deemed or construed at any time for any purpose as an admission by Employer of any liability or unlawful conduct of any kind.

10. Amendment. This Agreement and General Release may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Agreement and General Release.

11. Entire Agreement. This Agreement and General Release sets forth the entire agreement between the parties hereto and fully supersedes any prior agreements or understandings between the parties; provided, however, that notwithstanding anything in this Agreement and General Release, the provisions in the Employment Agreement which are intended to survive termination of the Employment Agreement, including but not limited to those contained in Section 11 thereof, shall survive and continue in full force and effect. Employee acknowledges Executive has not relied on any representations, promises, or agreements of any kind made to Executive in connection with Executive's decision to accept this Agreement and General Release.

EMPLOYEE HAS BEEN ADVISED THAT EXECUTIVE HAS UP TO TWENTY- ONE (21) CALENDAR DAYS TO REVIEW THIS AGREEMENT AND GENERAL RELEASE AND HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTION OF THIS AGREEMENT AND GENERAL RELEASE.

EMPLOYEE AGREES ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT AND GENERAL RELEASE DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

HAVING ELECTED TO EXECUTE THIS AGREEMENT AND GENERAL RELEASE, TO FULFILL THE PROMISES SET FORTH HEREIN, AND TO RECEIVE THE SUMS AND BENEFITS SET FORTH IN THE EMPLOYMENT AGREEMENT, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT AND GENERAL RELEASE INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EXECUTIVE HAS OR MIGHT HAVE AGAINST EMPLOYER.

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Agreement and General Release as of the date set forth below:

Date

KAMAN AEROSPACE GROUP, INC.

By: /s/

Name: _____

Title: _____

GREGORY L. STEINER

Date: _____

KAMAN AEROSPACE GROUP, INC.**AMENDED AND RESTATED****CHANGE IN CONTROL AGREEMENT**

THIS AGREEMENT, is made effective as of June 7, 2008 (the "Effective Date"), by and between Kaman Aerospace Group, Inc. (the "Company"), a subsidiary of Kaman Corporation, a Connecticut corporation (the "Parent Company"), and Gregory L. Steiner (the "Executive"), and is amended and restated as of November 11, 2008.

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continued employment of key management personnel; and

WHEREAS, in furtherance of this objective, the Company and Executive have executed an Employment Agreement dated as of June 7, 2008 with the terms of such agreement beginning June 7, 2008 (the "Effective Date"); and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained the Company and the Executive hereby agree as follows:

1. **Defined Terms.** Definitions of capitalized terms used in this Agreement are provided in the last Section of this Agreement.
 2. **Term.** This Agreement shall terminate on the fifth anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the fourth anniversary of the Effective Date or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall expire at the end of the then-current term. Notwithstanding any such notice, the term of this Agreement shall not expire before the second anniversary of a Change in Control that occurs within the term of this Agreement. The initial term of this Agreement, as it may be extended under this Section 2, is herein referred to as the "Term."
 3. **Company's Covenants Summarized.** In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's continued employment, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described in this Agreement. Except as provided in Section 5.1 of this Agreement, no Severance Payments (as defined in Section 5) shall be payable under this Agreement unless there shall have been a termination of the Executive's employment with the Company following a Change in Control. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.
-

4. Compensation Other Than Severance Payments.

4.1 If the Executive's employment shall be terminated for any reason following a Change in Control, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination (or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason). In addition, if the Executive's employment is terminated for any reason following a Change in Control other than (a) by the Company for Cause and (b) by the Executive without Good Reason, then the Company shall pay a pro-rata portion of the Executive's annual bonus for the performance year in which such termination occurs to the Executive on the later of (x) the date that annual bonuses are generally paid to other senior executives and (y) the date that is the first business day after the date that is six months after the Date of Termination. This pro-rata bonus shall be determined by multiplying the amount the Executive would have received based upon actual financial performance through such termination, as reasonably determined by the Company, by a fraction, the numerator of which is the number of days during such performance year that the Executive is employed by the Company and the denominator of which is 365.

4.2 If the Executive's employment shall be terminated for any reason following a Change in Control, the Company shall pay to the Executive the Executive's normal post-termination compensation and benefits as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

5. Severance Payments.

5.1 If the Executive's employment is terminated during the twenty-four (24) month period immediately following a Change in Control, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits described in this Section 5 (collectively, the "Severance Payments") in addition to any payments and benefits to which the Executive is entitled under Section 4 of this Agreement. The Executive shall also be entitled to Severance Payments under this Agreement if the Executive's employment is terminated without Cause by the Company or by the Executive for Good Reason at any time beginning on the first day of the 90 day period immediately prior to the execution of a definitive purchase and sale agreement that results in such Change in Control and the closing of such Change in Control.

- (a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.
- (b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a "limited payment" of an "in kind" benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive's taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.

- (c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Parent Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an "LTIP Award") shall be deemed fully vested and fully earned and then shall be canceled in exchange for a cash payment equal to 100% of the target value of each such award; provided, however that, if necessary for such compensation to qualify as "performance-based compensation" under Section 162(m) of the Code, an unvested Post January 1, 2009 Award (as defined herein) shall only vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the Executive remained employed with the Company during such award's performance period and the denominator of which is the total number of days during such award's performance period. For purposes of this Section 5.1(c), a "Post January 1, 2009 Award" shall mean an LTIP Award intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code with a performance period beginning after January 1, 2009.
- (d) In addition to the retirement benefits to which the Executive is entitled under any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive supplemental retirement benefits (the "Pension Plans") or any successor plan thereto, effective upon the Date of Termination, the Executive shall be credited with an additional two years of "Credited Service" and "Continuous Service" (as defined in the Kaman Corporation Amended and Restated Employees' Pension Plan) when calculating the Executive's benefit under Post-2004 Kaman Corporation Supplemental Employees Retirement Plan ("SERP"). The enhancement to the SERP provided under this Section 5.1(d) shall be paid at the same time and in the same manner as other benefits provided to the Executive under the SERP. For avoidance of doubt, the Severance Payments payable under this Agreement shall be disregarded when determining the Executive's Final Average Salary (as defined under the Kaman Corporation Amended and Restated Employees' Pension Plan) for purposes of calculating the benefits payable under the SERP as modified by this Section 5.1(d).

- (e) If the Executive would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.
- (f) The Company (i) shall prepay all remaining premiums under any insurance policy maintained by the Company insuring the life of the Executive that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive.
- (g) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars (\$30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive's first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a "deferral of compensation" for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).
- (h) The Executive shall be entitled to the Company automobile provided to the Executive immediately prior to employment termination under this Section 5.1 at no cost for a period of six months after employment termination (the "Car Lease Benefit"). Notwithstanding the foregoing, the Executive must pay the Company for the fair market value of the Car Lease Benefit to the extent that it, when added to the cost of continued accidental death and dismemberment coverage under Section 5.1(b) during this six month period, exceeds the applicable dollar amount under Section 402(g)(1)(B) of the Code. It is intended that the Car Lease Benefit qualify as a "limited payment" of an "in-kind" benefit under Treas. Reg. Sect. 1.409A-1(a)(9)(v)(C) and (D). The Company shall continue to maintain an insurance policy that will cover the Executive's use during the period of the Car Lease Benefit.
- (i) On the first business day following expiration of the Car Lease Benefit, the Company shall transfer all of its then current rights to the Company automobile described in Section 5.1(h) above to the Executive.
- (j) The Executive acknowledges that the Car Lease Benefit (less payments by the Executive, if any) and the Company's transfer of its rights to the Company automobile to the Executive will constitute taxable compensation reportable by the Company on IRS Form W-2.

5.2 Section 4999 Excise Tax.

- (a) If any payments, rights or benefits (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement of Executive with the Company or with any person affiliated with the Company and whether or not the Executive's employment has then terminated (the "Payments")) received or to be received by Executive will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), then, except as set forth in Section 5.2(b) below, the Company shall pay to Executive an amount in addition to the Payments (the "Gross-Up Payment") as calculated below. The Gross-Up Payment shall be in an amount such that, after deduction of any Excise Tax on the Payments and any federal, state and local income and employment tax and Excise Tax on the Gross-Up Payment, but before deduction for any federal, state or local income and employment tax on the Payments, the net amount retained by the Executive shall be equal to the Payments.
- (b) Notwithstanding anything in this Agreement to the contrary, if the amount of Payments that will be subject to the Excise Tax does not exceed the amount of Payments that Executive could receive without having any Payments become subject to the Excise Tax by at least \$100,000, then Executive's taxable cash-based benefits under this Agreement will first be reduced in the order selected by Executive, and then, if necessary, Executive's equity-based compensation (based on the value of such equity-based compensation as a "parachute payment" as defined in Treasury Regulations promulgated under Section 280G of the Code and IRS revenue rulings, revenue procedures and other official guidance) shall be reduced in the order selected by Executive, and then any other Payments shall be reduced as reasonably determined by the Company, to the extent necessary to avoid imposition of the Excise Tax. If Executive does not select the amount to be reduced within the time prescribed by the Company, the reductions specified herein shall be made by the Company in its sole discretion from such compensation as it shall determine. Any amount so reduced shall be irrevocably forfeited and Executive shall have no further rights to receive it.
- (c) The process for calculating the Excise Tax, determining the amount of any Gross-Up Payment and other procedures relating to this Section 5.2 are set forth in Appendix A attached hereto. For purposes of making the determinations and calculations required herein, the Consultant may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Consultant shall make such determinations and calculations on the basis of "substantial authority" (within the meaning of Section 6662 of the Code) and shall provide opinions to that effect to both the Company and Executive.

5.3 The Company also shall reimburse the Executive for legal fees and expenses incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments shall be made within ten (10) business days after delivery of the Executive's written request for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

5.4 The Company shall pay the cash amounts described in subsections (a) and (c)(iii) of Section 5.1 and shall provide the benefits described in Section 5.1(f) and (i) to the Executive on the first business day after the date that is six months following the Date of Termination; provided, however, that in the case of a Post January 1, 2009 Award under Section 5.1(c)(iii), the date for payment shall be the later of (a) the date that such award is generally paid to other senior executives and (b) the date that is the first business day after the date that is six months after the Date of Termination. The cash amounts described in subsections (a) and (c)(iii) of Section 5 shall be paid with interest at the applicable federal rate under Section 1274 of the Code determined as of the Date of Termination. In addition, to the extent that payment of the pro-rata portion of the annual bonus provided for in Section 4.1 is delayed until the date that it is the first business day after the date that is six months following the Date of Termination as described above, the pro-rata bonus payment shall be credited with interest at the short-term applicable federal rate under Section 1274 of the Code determined as of March 15th of the year following such termination from such March 15th to the date that payment is made to the Executive hereunder. If payments are not made in the time frame required by this subsection, interest on the unpaid amounts will accrue at 120% of the rate provided in Section 1274(b)(2)(B) of the Code determined as of the first day following the time frame provided for herein until the date such payments are actually made. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from the Consultant or other advisors (and any such opinions or advice which are in writing shall be attached to the statement).

5.5 Coordination with Employment Agreement.

Severance Payments made under this Section 5 shall be in lieu of any severance benefit payable to the Executive under the Executive's Employment Agreement with the Company or otherwise.

6. Termination Procedures and Compensation During Dispute.

6.1 Notice of Termination. After a Change in Control, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 9 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

6.2 Date of Termination. “Date of Termination,” with respect to any purported termination of the Executive’s employment after a Change in Control, shall mean (i) if the Executive’s employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive’s duties during such thirty (30) day period), and (ii) if the Executive’s employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). For purposes of determining the date on which to make the severance payments described under Section 5.4, a “Date of Termination” shall only occur upon the Executive’s “separation from service” within the meaning of Section 409A of the Code and as determined after applying the presumptions set forth in Treas. Reg. Section 1.409A-1(h)(1).

6.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 6.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

6.4 Compensation During Dispute. If a purported termination occurs following a Change in Control and the Date of Termination is extended in accordance with Section 6.3 of this Agreement, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 6.3 of this Agreement. Amounts paid under this Section 6.4 are in addition to all other amounts due under this Agreement (other than those due under Section 4.1 of this Agreement) and shall not be offset against or reduce any other amounts due under this Agreement. Notwithstanding anything to the contrary in Section 6.3 and 6.4, if the Company, after delivery of a Notice of Termination, promptly (and in any event within 30 days) determines that grounds existed prior to the delivery of the Notice of Termination to terminate the Executive’s employment for Cause after complying with the procedural requirements of this Agreement, the Company shall have the right to recover any payments that have been made to the Executive or on the Executive’s behalf under this Agreement including but not limited to offset against or reduction of any amounts due under this Agreement or otherwise.

7. No Mitigation. The Company agrees that under this Agreement, if the Executive’s employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 5 of this Agreement or Section 6.4 of this Agreement. Further, the amount of any payment or benefit provided for in this Agreement (other than as specifically provided in Section 5.1(b) of this Agreement) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Successors; Binding Agreement.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms.

8.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

9. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile, (c) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the address (or to the facsimile number) shown on the records of the Company.

If to the Company: Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002 - Attention: Chief Legal Officer (Facsimile No.: 860 243-7397), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Obligations after the Date of Termination.

- (a) Confidentiality. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's employment and for the benefit of the Parent Company and the Company, at any time following the Date of Termination, any nonpublic, proprietary or confidential information, knowledge or data relating to the Parent Company or the Company, any of their subsidiaries, affiliated companies or businesses, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Parent Company and the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Parent Company and the Company at their expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, the Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.

- (b) Non-Solicitation. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Parent Company or the Company or any of their subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Parent Company or the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Parent Company or Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).
- (c) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Parent Company and the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Parent Company or the Company within the geographical area in which the business of the Parent Company or the Company is conducted.
- (d) Non-Disparagement. Each of the Executive and the Company (for purposes hereof, "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates (including parents and subsidiaries), officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 10(d).

- (e) Return of Company Property and Records. The Executive agrees that upon termination of the Executive's employment, for any cause whatsoever, the Executive will surrender to the Company in good condition (reasonable wear and tear excepted) all property and equipment belonging to the Company and all records kept by the Executive containing the names, addresses or any other information with regard to customers or customer contacts of the Company, or concerning any proprietary or confidential information of the Company or any operational, financial or other documents given to the Executive during the Executive's employment with the Company.
- (f) Cooperation. The Executive agrees that, following termination of the Executive's employment for any reason, the Executive shall upon reasonable advance notice, and to the extent it does not interfere with previously scheduled travel plans and does not unreasonably interfere with other business activities or employment obligations, assist and cooperate with the Parent Company and the Company with regard to any matter or project in which the Executive was involved during the Executive's employment, including any litigation. The Company shall compensate the Executive for any lost wages (or, if the Executive is not then employed, provide reasonable compensation as determined by the Compensation Committee) and expenses associated with such cooperation and assistance.
- (g) Assignment of Inventions. The Executive will promptly communicate and disclose in writing to the Company all inventions and developments including software, whether patentable or not, as well as patents and patent applications (hereinafter collectively called "Inventions"), made, conceived, developed, or purchased by the Executive, or under which the Executive acquires the right to grant licenses or to become licensed, alone or jointly with others, which have arisen or jointly with others, which have arisen or which arise out of the Executive's employment with the Company, or relate to any matters directly pertaining to the business of the Company or any of its subsidiaries. Included herein as if developed during the employment period is any specialized equipment and software developed for use in the business of the Company. All of the Executive's right, title and interest in, to, and under all such Inventions, licenses, and right to grant licenses shall be the sole property of the Company. As to all such Inventions, the Executive will, upon request of the Company execute all documents which the Company deems necessary or proper to enable it to establish title to such Inventions or other rights, and to enable it to file and prosecute applications for letters patent of the United States and any foreign country; and do all things (including the giving of evidence in suits and other proceedings) which the Company deems necessary or proper to obtain, maintain, or assert patents for any and all such Inventions or to assert its rights in any Inventions not patented.

- (h) Equitable Relief and Other Remedies. The parties acknowledge and agree that the other party's remedies at law for a breach or threatened breach of any of the provisions of this Section would be inadequate and, in recognition of this fact, the parties agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, the other party, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.
- (i) Reformation. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.
- (j) Survival of Provisions. The obligations contained in this Section 10 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

11. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

- (a) compliance with the provisions of Section 10 hereof;
- (b) delivery to the Company of an executed Agreement and General Release (the "General Release"), which shall be substantially in the form attached hereto as Appendix B (with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose) within 21 days of presentation thereof by the Company to the Executive (which presentation shall be made by the Company no later than two (2) business days following the Date of Termination); and
- (c) delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans with the General Release.

If the Executive fails to return an executed General Release to the Company within such 21-day period, or the Executive subsequently revokes such timely release, the Company shall not have any obligation to pay any amounts or benefits under Section 5 of this Agreement. The Executive shall provide the General Release in the same manner as providing written notice to the Company under Section 9 above.

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and a member of the Board or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

13. Validity; Counterparts. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Prior Agreements. This Agreement supersedes and replaces the Prior Agreement. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. By signing this Agreement, the Executive releases and discharges the Company from any and all obligations and liabilities heretofore or now existing under or by virtue of the Prior Agreement.
15. Coordination with Employment Agreement. In the event that the Executive receives compensation or benefits under the Executive's Employment Agreement and thereafter becomes entitled to similar compensation or benefits under this Agreement, the compensation and benefits paid or provided under the Employment Agreement shall be an offset against the similar compensation and benefits payable or to be provided under this Agreement.
16. Settlement of Disputes. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
17. Arbitration. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Hartford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.
18. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

- (a) “Affiliate” shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
- (b) “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
- (c) “Board” shall mean the Board of Directors of the Company.
- (d) “Cause” for termination by the Company of the Executive’s employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive’s duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Parent Company, the Company, or their subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.
- (e) “Change in Control” for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:
 - (i) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Parent Company representing thirty-five (35%) or more of the combined voting power of the Parent Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Parent Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Parent Company or a transaction described in clause (A) of paragraph (iii) below;

(ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the “Incumbent Board”) cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Parent Company subsequent to the beginning of such period whose election, or nomination for election by the Parent Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Parent Company and whose appointment or election was not approved by at least a majority of the directors of the Parent Company in office immediately before any such contest;

(iii) there is consummated a Merger of the Parent Company with any other business entity, other than (A) a Merger which would result in the securities of the Parent Company generally entitled to vote in the election of directors of the Parent Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding such securities under an employee benefit plan of the Parent Company or any Subsidiary, at least 50% of the combined voting power of the voting securities of the Parent Company or such surviving entity or any parent thereof outstanding immediately after such Merger, generally entitled to vote in the election of directors of the Parent Company or such surviving entity or any parent thereof and, in the case of such surviving entity or any parent thereof, of a class registered under Section 12 of the Exchange Act, or (B) a Merger effected to implement a recapitalization of the Parent Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Parent Company representing 35% or more of the combined voting power of the Parent Company’s then outstanding voting securities generally entitled to vote in the election of directors of the Parent Company;

(iv) the stockholders of the Parent Company approve a plan of complete liquidation or dissolution of the Parent Company or there is consummated the sale or disposition by the Parent Company of all or substantially all of the Parent Company’s assets, other than a sale or disposition by the Parent Company of all or substantially all of the Parent Company’s assets to an entity where the outstanding securities generally entitled to vote in the election of directors of the Parent Company immediately prior to the transaction continue to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof) 50% or more of the combined voting power of the outstanding voting securities of such entity generally entitled to vote in such entity’s election of directors immediately after such sale and of a class registered under Section 12 of the Exchange Act; or

(v) a Sale of the Company.

Within five (5) days after a Change in Control has occurred, the Company shall deliver to the Executive a written statement memorializing the date that the Change in Control occurred.

- (f) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.
- (g) “Company” shall mean Kaman Aerospace Group, Inc. and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets.
- (h) “Consultant” shall have the meaning set forth in Appendix A of this Agreement.
- (i) “Date of Termination” shall have the meaning set forth in Section 6.2 of this Agreement.
- (j) “Disability” shall be deemed the reason for the termination by the Company of the Executive’s employment, if, as a result of the Executive’s incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive’s duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive’s duties.
- (k) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (l) “Excise Tax” shall mean any excise tax imposed under Section 4999 of the Code.
- (m) “Executive” shall mean the individual named in the preamble to this Agreement.
- (n) “Good Reason” for termination by the Executive of the Executive’s employment shall mean the occurrence (without the Executive’s express written consent) after any Change in Control (if more than one Change in Control has occurred, any reference to a Change in Control in this subsection (n) shall refer to the most recent Change in Control), of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (i), (v), (vi), or (vii) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:
 - (i) the assignment to the Executive of any duties inconsistent with the Executive’s status as President of the Company or a substantial diminution in the nature or status of the Executive’s responsibilities from those in effect immediately prior to the Change in Control;

- (ii) a reduction by the Company in the Executive's annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;
- (iii) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to the Change in Control or the Company's requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;
- (iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;
- (v) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation (including, but not limited to, the Kaman Corporation Compensation Administration Plan, Kaman Corporation Cash Bonus Plan, and Kaman Corporation 2003 Stock Incentive Plan), unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;
- (vi) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's life insurance, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control, the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control, provided, however, that this paragraph shall not be construed to require the Company to provide the Executive with a defined benefit pension plan if no such plan is provided to similarly situated executive officers of the Company or its Affiliates;

- (vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or
- (viii) the failure of any successor to Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms prior to the effectiveness of any such succession.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

Notwithstanding anything to the contrary above, the Executive shall not have "Good Reason" to terminate employment due solely to one or more of the following events: (1) there is a diminution of the business of the Parent Company, the Company or any of their subsidiaries, including, without limitation, a sale or other transfer of property or other assets of the Parent Company, the Company or any of their subsidiaries, or a reduction in the Executive's business unit's head count or budget, or (2) a suspension of the Executive's position, job functions, authorities, duties and responsibilities while on paid administrative leave due to a reasonable belief by the Board that the Executive has engaged in conduct that would give adequate grounds to terminate the Executive's employment for Cause.

- (o) "Gross-Up Payment" shall have the meaning set forth in Section 5.2 of this Agreement.
- (p) "Management Buyout" means any event or transaction which would otherwise constitute a Change in Control (a "Transaction") if, in connection with the Transaction, the Executive, members of the Executive's immediate family, and/or the "Executive's Affiliates" (as defined below) participate, directly or beneficially, as an equity investor in, or have the option or right to acquire, whether or not vested, equity interests of, the acquiring entity or any of its Affiliates (the "Acquiror") having a percentage interest therein greater than 1%. For purposes of the preceding sentence, a party shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the party of an incentive compensation award under one or more incentive plans of the Acquiror (including, but not limited to, the conversion in connection with the Transaction of incentive compensation awards of the Parent Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other employees of the Company at a comparable level as such party immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title and the like, or (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other shareholders of the Parent Company or (iii) the party's interests in any tax-qualified defined benefit or defined contribution pension or retirement plan in which such party or any family member is a participant or beneficiary. The "Executive's Affiliates" at any time consist of any entity in which the Executive and/or members of the Executive's immediate family then own, directly or beneficially, or have the option or right to acquire, whether or not vested, greater than 10% of such entity's equity interests, and all then current directors and executive officers of the Parent Company and the Company who are members of any group, that also includes the Executive, a member of the Executive's immediate family and/or any such entity, in which the members have agreed to act together for the purpose of participating in the Transaction. The Executive's immediate family consists of the Executive's spouse, parents, children and grandchildren.

- (q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.
- (r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.
- (s) “Parent Company” shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Parent Company has occurred, shall include any successor to its business and/or assets.
- (t) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.
- (u) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Parent Company or the Company or any of their direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Parent Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.
- (v) “Sale of the Company” shall mean a sale of all or substantially all of the securities or all or substantially all of the assets of the Company or the Merger of the Company with or into any Person, other than a Merger which would result in the voting securities of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger and generally entitled to vote in the election of directors of the Company or such surviving entity or parent thereof.

(w) "Subsidiary" shall mean any corporation within the meaning of Section 424(f) of the Code.

(x) "Term" shall mean the period of time described in Section 2 of this Agreement.

19. Payment of Compensation. The parties intend that the benefits and payments provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Executive for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code. References to paying an annual bonus at the same time as paid to other senior executives shall mean that the payment date is to be determined under the terms of the Company's annual bonus plan or program then in effect.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Kaman Aerospace Group, Inc.

By: William C. Denninger
Its: Vice President and Treasurer

Date

Executive

Gregory L. Steiner

Date

APPENDIX A

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 5.2 of this Agreement, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by an accounting firm (the "Consultant") selected in accordance with Paragraph 2 below. The Consultant shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the event that results in the potential for an excise tax liability for the Executive, which could include but is not limited to a Change in Control and the subsequent vesting of any cash payments or awards, or the Executive's termination of employment, or such earlier time as is required by the Company. The initial Gross-Up Payment, if any, as determined pursuant to this Paragraph 1, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Consultant's determination, but in no event later than the end of the calendar year next following the calendar year in which the related taxes are remitted to the applicable taxing authorities. If the Consultant determines that the Executive is not subject to Excise Tax, it shall furnish the Executive with a written report indicating that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Consultant shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Consultant hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph 3 below and Executive thereafter is required to make a payment or additional payment of any Excise Tax, the Consultant shall determine the amount of the Underpayment that has occurred and any such Underpayment, increased by all applicable interest and penalties associated with the Underpayment, shall be promptly paid by the Company to or for the benefit of Executive. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes on earned income at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination, (or the date of the Change in Control if the Executive is subject to Excise Tax prior to the issuance of a Notice of Termination) net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

2. The Consultant shall be a nationally recognized public accounting firm, benefits consultant or law firm proposed by the Company and agreed upon by the Executive. If Executive and the Company cannot agree on the firm to serve as the Consultant within ten (10) days after the date on which the Company proposed to Executive an entity to serve as the Consultant, then Executive and the Company shall each select one and those two firms shall jointly select the entity to serve as the Consultant within ten (10) days after being requested by the Company and Executive to make such selection. The Company shall pay the Consultant's fee.

3. Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than fifteen (15) business days after Executive knows of such claim and Executive shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the period ending on the date that any payment of taxes with respect to such claim is due or the thirty day period following the date on which Executive gives such notice to the Company, whichever period is shorter. If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall (i) give the Company any information reasonably requested by the Company relating to such claim, (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company, (iii) cooperate with the Company in good faith in order effectively to contest such claim, and (iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including attorneys fees and any additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Paragraph 3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect to such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner; and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax and income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other authority.

4. If, after the receipt by Executive of an amount advanced by the Company pursuant to Paragraph 3 above, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of Paragraph 3), promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).

APPENDIX B

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

Kaman Aerospace Group, Inc., its affiliates, parents, subsidiaries, divisions, successors and assigns in such capacity, and the current, future and former employees, officers, directors, trustees and agents thereof (collectively referred to throughout this Agreement as "Employer"), and Gregory L. Steiner ("Executive"), the Executive's heirs, executors, administrators, successors and assigns (collectively referred to throughout this Agreement as "Employee") agree:

1. Last Day of Employment. Executive's last day of employment with Employer is _____. In addition, effective as of DATE, Executive resigns from the Executive's position as President of Kaman Aerospace Group, Inc. and will not be eligible for any benefits or compensation after _____, including payments under the Executive's Employment Agreement, other than as specifically provided under the Change in Control Agreement between Employer and Executive effective as of January 1, 2007 (the "Change in Control Agreement"). Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.
2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 11 of the Change in Control Agreement.
3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Legal Officer, or his/her designee, or mailed to Kaman Aerospace Group, Inc., c/o Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention: Chief Legal Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.
4. General Release of Claim. Subject to the full satisfaction by the Employer of its obligations under the Change in Control Agreement, Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer, Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

- Title VII of the Civil Rights Act of 1964, as amended;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974, as amended;
- The Immigration Reform and Control Act, as amended;
- The Americans with Disabilities Act of 1990, as amended;
- The Age Discrimination in Employment Act of 1967, as amended;
- The Older Workers Benefit Protection Act of 1990;
- The Worker Adjustment and Retraining Notification Act, as amended;
- The Occupational Safety and Health Act, as amended;
- The Family and Medical Leave Act of 1993;
- Any wage payment and collection, equal pay and other similar laws, acts and statutes of the State of Connecticut;
- Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance;
- Any public policy, contract, tort, or common law; or
- Any allegation for costs, fees, or other expenses including attorneys fees incurred in these matters.

Notwithstanding anything herein to the contrary, the sole matters to which the Agreement and General Release do not apply are: (i) Employee's express rights under any pension (including but not limited to any rights under the Kaman Corporation Supplemental Retirement Plan) or claims for accrued vested benefits under any other employee benefit plan, policy or arrangement maintained by Employer or under COBRA; (ii) Employee's rights under the provisions of the Change in Control Agreement which are intended to survive termination of employment; or (iii) Employee's rights as a stockholder.

5. No Claims Permitted. Employee waives Executive's right to file any charge or complaint against Employer arising out of Executive's employment with or separation from Employer before any federal, state or local court or any state or local administrative agency, except where such waivers are prohibited by law.

6. Affirmations. Employee affirms Executive has not filed, has not caused to be filed, and is not presently a party to, any claim, complaint, or action against Employer in any forum. Employee further affirms that the Executive has been paid and/or has received all compensation, wages, bonuses, commissions, and/or benefits to which Executive may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to Executive, except as provided under the Change in Control Agreement. Employee also affirms Executive has no known workplace injuries.

7. Cooperation; Return of Property. In accordance with Section 10(f) of the Change in Control Agreement Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. The Employee represents the Executive has complied with Section 10(e) of the Change in Control Agreement regarding the return of Employer property and records.

8. Governing Law and Interpretation. This Agreement and General Release shall be governed and conformed in accordance with the laws of the State of Connecticut without regard to its conflict of laws provisions. In the event Employee or Employer breaches any provision of this Agreement and General Release, Employee and Employer affirm either may institute an action to specifically enforce any term or terms of this Agreement and General Release. Should any provision of this Agreement and General Release be declared illegal or unenforceable by any court of competent jurisdiction and should the provision be incapable of being modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement and General Release in full force and effect. Nothing herein, however, shall operate to void or nullify any general release language contained in the Agreement and General Release.

9. No Admission of Wrongdoing. Employee agrees neither this Agreement and General Release nor the furnishing of the consideration for this Release shall be deemed or construed at any time for any purpose as an admission by Employer of any liability or unlawful conduct of any kind.

10. Amendment. This Agreement and General Release may not be modified, altered or changed except upon express written consent of both parties wherein specific reference is made to this Agreement and General Release.

11. Entire Agreement. This Agreement and General Release sets forth the entire agreement between the parties hereto and fully supersedes any prior agreements or understandings between the parties; provided, however, that notwithstanding anything in this Agreement and General Release, the provisions in the Change in Control Agreement which are intended to survive termination of the Change in Control Agreement, including but not limited to those contained in Section 10 thereof, shall survive and continue in full force and effect. Employee acknowledges Executive has not relied on any representations, promises, or agreements of any kind made to Executive in connection with Executive's decision to accept this Agreement and General Release.

EMPLOYEE HAS BEEN ADVISED THAT EXECUTIVE HAS UP TO TWENTY-ONE (21) CALENDAR DAYS TO REVIEW THIS AGREEMENT AND GENERAL RELEASE AND HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTION OF THIS AGREEMENT AND GENERAL RELEASE.

EMPLOYEE AGREES ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT AND GENERAL RELEASE DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

HAVING ELECTED TO EXECUTE THIS AGREEMENT AND GENERAL RELEASE, TO FULFILL THE PROMISES SET FORTH HEREIN, AND TO RECEIVE THE SUMS AND BENEFITS SET FORTH IN THE CHANGE IN CONTROL AGREEMENT, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT AND GENERAL RELEASE INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EXECUTIVE HAS OR MIGHT HAVE AGAINST EMPLOYER.

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Agreement and General Release as of the date set forth below:

KAMAN AEROSPACE GROUP, INC.

By: _____

Name: _____

Title: _____

Date: _____

Gregory L. Steiner

Date: _____

INCENTIVE STOCK OPTION AGREEMENT
(Under the Kaman Corporation
2003 Stock Incentive Plan)

THIS AGREEMENT, made and entered into as of the ____ day of _____, 20____ by and between KAMAN CORPORATION, a Connecticut corporation, with its principal office in Bloomfield, Connecticut (the "Corporation"), and _____ (the "Optionee");

W I T N E S S E T H :

WHEREAS, the Optionee is now a full-time salaried employee of the Corporation or a subsidiary thereof, the term "subsidiary" being used herein as defined in the Corporation's 2003 Stock Incentive Plan (the "Plan"); and

WHEREAS, the Corporation desires to give the Optionee an opportunity to acquire shares of the Common Stock of the Corporation (the "Stock" or "shares") pursuant to the Plan in consideration of and on the terms and conditions stated in this Agreement; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan;

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. GRANT OF OPTION. Subject to the terms and conditions set forth in this Agreement, the Corporation grants to the Optionee, effective the day and year first above written (hereinafter called the "date of grant"), the right and option (hereinafter called the "option"), exercisable during the period commencing on the date of grant and ending ten (10) years after the date of grant, to purchase from the Corporation from time to time, up to but not exceeding in the aggregate _____ shares of the Stock to be issued upon the exercise hereof, fully paid and non-assessable; provided that the exercise of the option is restricted as set forth in Section 2 of this Agreement.

2. TERMS AND CONDITIONS OF OPTION. The following terms and conditions shall apply to the option:

(a) Option Price. The purchase price of each share subject to the option shall be \$_____ being 100% of the fair market value of such share on the date of grant.

(b) Type of Option. The option is an incentive stock option meeting the requirements of such options as defined in Section 422 of the Internal Revenue Code of 1986, as amended.

(c) Period of Option. The option granted under the Plan shall have a term of ten (10) years from the date of grant; provided that the option or the unexercised portion thereof (to the extent exercisable on the date of termination of employment) shall terminate at the close of business on the day three (3) months following the date on which the Optionee ceases to be employed by the Corporation or a subsidiary, unless the option shall have already expired by its terms, except as provided under subsection (f) of this section in the event of the death or disability of the Optionee.

(d) Exercise of Option. The option granted under the Plan shall be exercisable with respect to not more than _____ percent (____%) of the shares subject thereto on March 1, 20____, and shall be exercisable as to an additional _____ percent (____%) of such shares on March 1 of each of the succeeding _____ (____) years, on a cumulative basis, so that the option, or any unexercised portion thereof, shall be fully exercisable on and after March 1, 20____, provided that any portion of the option which remains unexercisable shall become exercisable in the event of a Change in Control, as defined and subject to the conditions set forth in the Plan. Except as provided in subsection (f) of this section, the Optionee may not exercise the option or any part thereof unless at the time of such exercise the Optionee shall be employed by the Corporation or a subsidiary and shall have been so employed continuously since the date of grant, excepting leaves of absence approved by the Committee, as defined in the Plan; provided, however, that an Optionee may exercise the option during the three (3) month period following such continuous employment unless such option shall have already expired by its terms. The option shall be exercised in the manner set forth in Section 3 of this Agreement by serving written notice of exercise on the Corporation accompanied by full payment of the purchase price in cash. Any obligation of the Corporation to accept such payment and issue the shares as to which such option is being exercised shall be conditioned upon the Corporation's ability at nominal expense to issue such shares in compliance with all applicable statutes, rules or regulations of any governmental authority. The Corporation may secure from the Optionee any assurances or agreements that the Committee, in its sole discretion, shall deem necessary or advisable in order that the issuance of such shares shall comply with any such statutes, rules or regulations.

(e) Nontransferability. The option shall not be transferable by the Optionee otherwise than by will or by the laws of descent and distribution, and the option shall be exercisable, during the Optionee's lifetime, only by the Optionee.

(f) Death or Disability of Optionee. In the event of the death or disability of the Optionee while in the employ of the Corporation or a subsidiary, the option may be exercised within the period of one (1) year succeeding death or disability to the extent otherwise exercisable at the time of exercise, but in no event later than ten (10) years from the date of grant. In the event of the death of the Optionee, the option may be so exercised by the person or persons designated in the Optionee's will for that purpose. If no such person or persons are so designated or if the Optionee dies intestate, then the option may be exercised within said period by the legal representative or representatives of the Optionee's estate. In the event that the Optionee is disabled, the term "disabled", meaning permanent and total disability as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, while in the employ of the Corporation or a subsidiary, the option may be exercised within said period either by the Optionee or by his representative, as the case may be.

(g) Stockholder Rights. The Optionee shall not be entitled to any rights as a stockholder with respect to any shares subject to the option prior to the date of issuance to the Optionee of such shares.

(h) Disqualifying Dispositions. Optionee shall promptly notify the Corporation in the event of a disqualifying disposition (within the meaning of the Internal Revenue Code of 1986, as amended) of any shares acquired pursuant to this Agreement and provide the Corporation with all relevant information related thereto.

3. MANNER OF EXERCISE OF OPTION. The option shall be exercised by delivering to the Chief Financial Officer of the Corporation from time to time a signed statement of exercise specifying the number of shares to be purchased, together with cash or a check to the order of the Corporation for an amount equal to the purchase price of such shares. In the discretion of the Committee, payment in full or in part may also be made by delivery of (i) irrevocable instructions to a broker to deliver promptly to the Corporation the amount of sale or loan proceeds to pay the exercise price, or (ii) previously owned shares of Stock not then subject to restrictions under any Corporation plan (but which may include shares the disposition of which constitutes a disqualifying disposition for purposes of obtaining incentive stock option treatment for federal tax purposes), or (iii) shares of Stock otherwise receivable upon the exercise of such option (which will constitute a disqualifying disposition of such shares for federal tax purposes) provided, however, that in the event the Committee shall determine in any given instance that the exercise of such option by withholding shares otherwise receivable would be unlawful, unduly burdensome or otherwise inappropriate, the Committee may require that such exercise be accomplished in another acceptable manner. For purposes of this Section 3, such surrendered shares shall be valued at the closing price of the Stock in the NASDAQ Global Select Market on the most recent trading day preceding the date of exercise on which sales of the Stock occurred. The issuance of optioned shares shall be conditioned on the Optionee having either (i) paid, or (ii) made provisions satisfactory to the Committee for the payment of, all applicable tax withholding obligations, if any.

Within twenty (20) days after such exercise of the option in whole or in part, the Corporation shall cause the shares with respect to which the option shall be so exercised to be issued in uncertificated form, in the Optionee's name, provided that, if the stock transfer books of the Corporation are closed for the whole or any part of said twenty (20) day period, then such period shall be extended accordingly. Each purchase of Stock hereunder shall be a separate and divisible transaction and a completed contract in and of itself.

4. STOCK RESERVATIONS. The Corporation shall at all times during the term of this Agreement reserve and keep available such number of shares of its Stock as will be sufficient to satisfy the requirements of this Agreement, and shall pay all original issue taxes, if any, on the exercise of the option, and all other fees and expenses necessarily incurred by the Corporation in connection therewith.

5. TERMINATION OF OPTION. If the Optionee shall no longer be a full-time salaried employee of the Corporation or a subsidiary, Optionee's employment being terminated for any reason whatsoever other than death or disability, any unexercised portion of the option shall terminate at the close of business on the day three (3) months following the date of the termination of Optionee's employment, unless such option shall have already expired by its terms. This option shall be exercisable, if at all, during such three (3) month period only to the extent exercisable on the date of termination of employment. For purposes of this option, a transfer of the employment of Optionee from the Corporation to a subsidiary, or vice versa, or from one subsidiary to another subsidiary, shall not be deemed a termination of employment.

6. EFFECT ON CHANGES IN CAPITAL STRUCTURE. The existence of the option shall not affect in any way the right or power of the Corporation or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Stock or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceedings, whether of a similar character or otherwise.

7. DILUTION OR OTHER ADJUSTMENTS. In the event that prior to issuance by the Corporation of all the shares of Stock subject to the option, the Corporation shall have effected one or more stock splits, stock dividends, mergers, reorganizations, consolidations, combinations or exchanges of shares, recapitalizations or similar capital adjustments, the Board of Directors of the Corporation shall equitably adjust the number, kind and option price of the shares remaining subject to the option in order to avoid dilution or enlargement of option rights.

8. COMPLIANCE WITH LAWS. Notwithstanding any of the provisions hereof, the Optionee agrees for himself/herself and his/her legal representatives, legatees and distributees that the option shall not be exercisable, and that the Corporation shall not be obligated to issue any shares hereunder, if the exercise of said option or the issuance of such shares shall constitute a violation by the option holder or the Corporation of any provision of any law or regulation of any governmental authority.

9. NOTICES. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications to the Corporation shall be mailed to or delivered to the Chief Financial Officer at the principal office of the Corporation, and all notices by the Corporation to the Optionee may be given to the Optionee personally or by mail, facsimile or electronic mail to the Optionee at the Optionee's place of employment with the Corporation or a subsidiary or the last designated address for the Optionee on the employment records of the Corporation.

10. ADMINISTRATION AND INTERPRETATION. The administration of the option shall be subject to such rules and regulations as the Committee deems necessary or advisable for the administration of the Plan. The determination or the interpretation and construction of any provision of the option by the Committee shall be final and conclusive upon all concerned, unless otherwise determined by the Board of Directors of the Corporation. The option shall at all times be interpreted and applied in a manner consistent with the provisions of the Plan, and in the event of any inconsistency between the terms of the option and the terms of the Plan, the terms of the Plan shall control, the terms of the Plan being incorporated herein by reference.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

KAMAN CORPORATION

By: _____
Its

_____, Optionee

NON-STATUTORY STOCK OPTION AGREEMENT
(Under the Kaman Corporation
2003 Stock Incentive Plan)

THIS AGREEMENT, made and entered into as of the ____ day of _____, 20____, by and between KAMAN CORPORATION, a Connecticut corporation, with its principal office in Bloomfield, Connecticut (the "Corporation"), and _____ (the "Optionee");

W I T N E S S E T H :

WHEREAS, the Optionee is now a full-time salaried employee of the Corporation or a subsidiary thereof, the term "Subsidiary" being used herein as defined in the Corporation's 2003 Stock Incentive Plan (the "Plan"); and

WHEREAS, the Corporation desires to give the Optionee an opportunity to acquire shares of the Common Stock of the Corporation (the "Stock" or "shares") pursuant to the Plan in consideration of and on the terms and conditions stated in this Agreement; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan;

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. GRANT OF OPTION. Subject to the terms and conditions set forth in this Agreement, the Corporation grants to the Optionee, effective the day and year first above written (the "date of grant"), the right and option (the "option"), exercisable during the period commencing on the date of grant and ending ten (10) years and one (1) day after the date of grant, to purchase from the Corporation from time to time, up to but not exceeding in the aggregate _____ shares of the Stock to be issued upon the exercise hereof, fully paid and non-assessable; provided that the exercise of the option is restricted as set forth in Section 2 of this Agreement.

2. TERMS AND CONDITIONS OF OPTION. The following terms and conditions shall apply to the option:

(a) Option Price. The purchase price of each share subject to the option shall be \$_____ being 100% of the fair market value of such share on the date of grant.

(b) Type of Option. The option is a non-statutory stock option which shall not be deemed to meet the requirements of an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended.

(c) Period of Option. The option shall have a term of ten (10) years and one (1) day from the date of grant; provided however that unless the option shall have already expired by its terms, the option or the unexercised portion thereof (to the extent exercisable on the date of termination of employment) shall terminate at the close of business on the day three (3) months following the date on which the Optionee ceases to be employed by the Corporation or a Subsidiary, unless a longer period is provided under subsection (f) of this Section in the case of death, Disability or Retirement.

(d) Exercise of Option. The option shall be exercisable with respect to not more than _____ percent (____%) of the shares subject thereto on March 1, 20____, and shall be exercisable as to an additional _____ percent (____%) of such shares on March 1 of each of the succeeding _____ (____) years, on a cumulative basis, so that the option, or any unexercised portion thereof, shall be fully exercisable on and after March 1, 20____, provided that any portion of the option which remains unexercisable shall become exercisable in the event of a Change in Control as defined and subject to the conditions set forth in the Plan. The Optionee may not exercise the option or any part thereof unless at the time of such exercise the Optionee shall be employed by the Corporation or a Subsidiary and shall have been so employed continuously since the date of grant, excepting leaves of absence approved by the Committee, as defined in the Plan; provided, however, that an Optionee may exercise the option during the periods described in subsections (c) and (f) of this Section following such continuous employment unless the option shall have already expired by its terms. The option shall be exercised in the manner set forth in Section 3 of this Agreement by serving written notice of exercise on the Corporation accompanied by full payment of the purchase price in cash. Any obligation of the Corporation to accept such payment and issue the shares as to which such option is being exercised shall be conditioned upon the Corporation's ability at nominal expense to issue such shares in compliance with all applicable statutes, rules or regulations of any governmental authority. The Corporation may secure from the Optionee any assurances or agreements that the Committee, in its sole discretion, shall deem necessary or advisable in order that the issuance of such shares shall comply with any such statutes, rules or regulations.

(e) Nontransferability. The option shall not be transferable by the Optionee otherwise than by will or by the laws of descent and distribution, and the option shall be exercisable, during the Optionee's lifetime, only by the Optionee.

(f) (i) In the event of the death, Disability or Retirement of the Optionee while in the employ of the Corporation or a Subsidiary, the option may be exercised within the period of five (5) years succeeding such Optionee's death, Disability or Retirement, but in no event later than ten (10) years and one (1) day from the date of grant, by the person or persons designated in the Optionee's will for that purpose or in the absence of any such designation, by the legal representative of the Optionee's estate, or by the Optionee or the Optionee's legal representative, as the case may be.

(ii) During any period following termination of employment by reason of death, Disability or Retirement, during which the option may be exercisable as provided in subsection (f) (i) above, such option shall continue to vest in accordance with its terms and be and become exercisable as if employment had not ceased.

(iii) As used in this Agreement, the term "Retirement" means retirement in accordance with the terms of the Corporation's tax-qualified Employees' Pension Plan, the term "Disability" or "Disabled" means permanent and total disability as defined by Code Section 22(e)(3), and the term "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.

(g) Stockholder Rights. The Optionee shall not be entitled to any rights as a stockholder with respect to any shares subject to the option prior to the date of issuance to the Optionee of such shares.

3. MANNER OF EXERCISE OF OPTION.

(a) The option shall be exercised by delivering to the Chief Financial Officer of the Corporation from time to time a signed statement of exercise specifying the number of shares to be purchased, together with cash or a check to the order of the Corporation for an amount equal to the purchase price of such shares. In the discretion of the Committee, payment in full or in part may also be made by delivery of (i) irrevocable instructions to a broker to deliver promptly to the Corporation the amount of sale or loan proceeds to pay the exercise price, or (ii) previously owned shares of Stock not then subject to restrictions under any Corporation plan (but which may include shares the disposition of which constitutes a disqualifying disposition for purposes of obtaining incentive stock option treatment for federal tax purposes), or (iii) shares of Stock otherwise receivable upon the exercise of such option provided, however, that in the event the Committee shall determine in any given instance that the exercise of such option by withholding shares otherwise receivable would be unlawful, unduly burdensome or otherwise inappropriate, the Committee may require that such exercise be accomplished in another acceptable manner. For purposes of this Section 3, such surrendered shares shall be valued at the closing price of the Stock in the NASDAQ Global Select Market on the most recent trading day preceding the date of exercise on which sales of the Stock occurred.

(b) The issuance of optioned shares shall be conditioned on the Optionee having either (i) paid, or (ii) made provisions satisfactory to the Committee for the payment of, all applicable tax withholding obligations. The Corporation and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Optionee. The Committee in its discretion, but only upon the written request of the Optionee, may permit the Optionee to satisfy federal income tax withholding requirements occasioned by the exercise thereof by the surrender of shares otherwise to be received on the exercise of such option. For purposes of this subsection (b), such surrendered shares shall be valued at the closing price of the Stock in the NASDAQ Global Select Market on the most recent trading day preceding the date of exercise on which sales of the Stock occurred.

(c) Within twenty (20) days after such exercise of the option in whole or in part, the Corporation shall cause the shares with respect to which the option shall be so exercised to be issued in uncertificated form in the Optionee's name, provided that, if the stock transfer books of the Corporation are closed for the whole or any part of said twenty (20) day period, then such period shall be extended accordingly. Each purchase of Stock hereunder shall be a separate and divisible transaction and a completed contract in and of itself.

4. STOCK RESERVATIONS. The Corporation shall at all times during the term of this Agreement reserve and keep available such number of shares of its Stock as will be sufficient to satisfy the requirements of this Agreement, and shall pay all original issue taxes, if any, on the exercise of the option, and all other fees and expenses necessarily incurred by the Corporation in connection therewith.

5. TERMINATION OF OPTION. If the Optionee shall no longer be a full-time salaried employee of the Corporation or a Subsidiary, Optionee's employment being terminated for any reason whatsoever other than death, Disability or Retirement, any unexercised portion of the option shall terminate at the close of business on the day three (3) months following the date of the termination of Optionee's employment, unless such option shall have already expired by its terms. This option shall be exercisable, if at all, during such three (3) month period only to the extent exercisable on the date of termination of employment. For purposes of this option, a transfer of the employment of Optionee from the Corporation to a Subsidiary, or vice versa, or from one Subsidiary to another Subsidiary, shall not be deemed a termination of employment.

6. EFFECT ON CHANGES IN CAPITAL STRUCTURE. The existence of the option shall not affect in any way the right or power of the Corporation or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Stock or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceedings, whether of a similar character or otherwise.

7. DILUTION OR OTHER ADJUSTMENTS. In the event that prior to issuance by the Corporation of all the shares of Stock subject to the option, the Corporation shall have effected one or more stock splits, stock dividends, mergers, reorganizations, consolidations, combinations or exchanges of shares, recapitalizations or similar capital adjustments, the Board of Directors of the Corporation shall equitably adjust the number, kind and option price of the shares remaining subject to the option in order to avoid dilution or enlargement of option rights.

8. COMPLIANCE WITH LAWS. Notwithstanding any of the provisions hereof, the Optionee agrees for himself/herself and his/her legal representatives, legatees and distributees that the option shall not be exercisable, and that the Corporation shall not be obligated to issue any shares hereunder, if the exercise of said option or the issuance of such shares shall constitute a violation by the option holder or the Corporation of any provision of any law or regulation of any governmental authority.

9. NOTICES. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications to the Corporation shall be mailed to or delivered to the Chief Financial Officer at the principal office of the Corporation, and all notices by the Corporation to the Optionee may be given to the Optionee personally or by mail, facsimile or electronic mail to the Optionee at the Optionee’s place of employment with the Corporation or a Subsidiary or at the last designated address for the Optionee on the employment records of the Corporation.

10. ADMINISTRATION AND INTERPRETATION. The administration of the option shall be subject to such rules and regulations as the Committee deems necessary or advisable for the administration of the Plan. The determination or the interpretation and construction of any provision of the option by the Committee shall be final and conclusive upon all concerned, unless otherwise determined by the Board of Directors of the Corporation. The option shall at all times be interpreted and applied in a manner consistent with the provisions of the Plan, and in the event of any inconsistency between the terms of the option and the terms of the Plan, the terms of the Plan shall control, the terms of the Plan being incorporated herein by reference.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

KAMAN CORPORATION

By: _____
Its

_____,Optionee

STOCK APPRECIATION RIGHT AGREEMENT
(Under the Kaman Corporation 2003 Stock Incentive Plan)

STOCK APPRECIATION RIGHT

[Name]

Expires on _____

Exercisable for Cash

THIS AGREEMENT, made and entered into as of the ____ day of _____, ____, by and between KAMAN CORPORATION, a Connecticut corporation, with its principal office in Bloomfield, Connecticut (the "Corporation"), and _____ (the "Participant");

W I T N E S S E T H:

WHEREAS, the Participant is a full-time salaried employee of the Corporation or a subsidiary thereof, the term "subsidiary" being used herein as defined in the Corporation's 2003 Stock Incentive Plan (the "Plan"); and

WHEREAS, the Corporation desires to give the Participant an opportunity to receive stock appreciation rights pursuant to the Plan in consideration of and on the terms and conditions stated in this Agreement;

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. **DEFINITIONS.** Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to them in the Plan.

2. **GRANT OF STOCK APPRECIATION RIGHTS.** Subject to the terms and conditions set forth in this Agreement, the Corporation grants to the Participant, effective the day and year indicated above (the "Date of Grant"), stock appreciation rights with respect to _____ shares of Class A common stock of the Corporation (the "Stock" or "shares"), exercisable during the period commencing on the Date of Grant and ending ten (10) years after the Date of Grant. Such right, which is referred to as a "Stock Appreciation Right" shall entitle the Participant to receive an amount in cash having a value equal to the excess of the closing price of the Stock on the NASDAQ Global Select Market on the most recent trading day preceding the date of exercise on which sales of the Stock occurred over the Base Price multiplied by the number of shares with respect to which the Stock Appreciation Right shall have been exercised; provided that the exercise of the Stock Appreciation Right is restricted as set forth in Section 3 of this Agreement.

3. **TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHT.** The following terms and conditions shall apply to the Stock Appreciation Right:

(a) Base Price. For purposes of this Stock Appreciation Right, the Fair Market Value of a share of Stock on the Date of Grant, determined in accordance with the Plan was \$ _____ (the "Base Price").

(b) Period of Stock Appreciation Right. The Stock Appreciation Right granted hereunder shall have a term of ten (10) years and one (1) day from the Date of Grant; provided that this Stock Appreciation Right or the unexercised portion thereof (to the extent exercisable on the date of termination of employment) shall terminate, except as provided in subsection (e), at the close of business on the day three (3) months following the date on which the Participant ceases to be employed by the Corporation or a subsidiary, unless this Stock Appreciation Right shall have already expired by its terms.

(c) Exercise of Stock Appreciation Right. This Stock Appreciation Right shall be exercisable with respect to _____ percent (____%) of such shares with respect to which it is granted on March 1, 20____, and shall be exercisable as to an additional _____ percent (____%) of such shares on March 1 of these succeeding _____ (____) years, on a cumulative basis, so that such right, or any unexercised portion thereof, shall be fully exercisable on and after March 1, 20____, provided that any portion of the Stock Appreciation Right that remains unexercisable shall become exercisable in the event of a Change in Control, as defined and subject to the conditions set forth in the Plan. Except as provided in subsection (e) of this section, the Participant may not exercise this Stock Appreciation Right or any part thereof unless at the time of such exercise the Participant shall be employed by the Corporation or a subsidiary, and shall have been so employed continuously since the Date of Grant, except in leaves of absence approved by the Committee, as defined in the Plan; provided, however, that the Participant may exercise this Stock Appreciation Right to the extent exercisable on the date of termination of such continuous employment during the three (3) months following such termination unless this Stock Appreciation Right shall have already expired by its terms. This Stock Appreciation Right shall be exercised in the manner set forth in Section 4 of this Agreement by serving written notice of exercise on the Corporation. Any obligation of the Corporation to pay the cash award as to which this Stock Appreciation Right is being exercised shall be conditioned upon the Corporation's ability at nominal expense to make such award in compliance with all applicable statutes, rules or regulations of any governmental authority. The Corporation may secure from the Participant any assurances or agreements which the Committee, in its sole discretion, shall deem necessary or advisable in order to comply with any such statutes, rules or regulations.

(d) Nontransferability. This Stock Appreciation Right shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution, and this Stock Appreciation Right shall be exercisable, during the Participant's lifetime, only by the Participant.

(e) Death, Disability or Retirement of Participant. In the event of the death, disability or Retirement of the Participant while in the employ of the Corporation or a subsidiary, this Stock Appreciation Right may be exercised within the period of five (5) years succeeding the Participant's death, disability or Retirement to the extent otherwise exercisable at the time of exercise, unless this Stock Appreciation Right shall have already expired by its terms. In the event of the death of the Participant, this Stock Appreciation Right may be so exercised by the person or persons designated in the Participant's will for that purpose. If no such person or persons are so designated or if the Participant dies intestate, then this Stock Appreciation Right may be exercised within said period by the legal representative or representatives of the Participant's estate. In the event the Participant is disabled, the term "disabled" meaning permanent or total disability as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, while in the employ of the Corporation or a subsidiary, this Stock Appreciation Right may be exercised within such period either by the Participant or by the Participant's legal representative, as the case may be. As used in this Agreement, the term "Retirement" means retirement in accordance with the terms of the Corporation's tax-qualified Employees' Pension Plan.

(f) Stockholder Rights. This Stock Appreciation Right shall not entitle the Participant to any rights as a stockholder of the Corporation with respect to any of the shares to which it relates.

4. MANNER OF EXERCISE. This Stock Appreciation Right shall be exercised by delivering to the Chief Financial Officer of the Corporation from time to time a signed statement of exercise setting forth the number of shares with respect to which the Participant wishes to exercise. The Corporation may at its discretion satisfy federal income tax withholding requirements by withholding a portion of the award otherwise to be received as a result of the exercise of this Stock Appreciation Right.

Within thirty (30) days of any such exercise of this Stock Appreciation Right in whole or in part, the Corporation shall deliver to the Participant at the principal office of the Corporation a check made payable to the Participant in the amount of the excess of the closing price of the Stock on the NASDAQ Global Select Market on the most recent trading day preceding the date this Stock Appreciation Right is exercised on which sales of the Stock occurred over the Base Price multiplied by the number of shares with respect to which this Stock Appreciation Right is being exercised. Each exercise of this Stock Appreciation Right shall be a separate and divisible transaction and a completed contract in and of itself.

5. TERMINATION. If the Participant shall no longer be a full-time salaried employee of the Corporation or a subsidiary, the Participant's employment being terminated for any reason whatsoever other than death, disability or Retirement, any unexercised portion of this Stock Appreciation Right shall terminate at the close of business on the day three (3) months following the date on which the Participant ceases to be employed by the Corporation or a subsidiary, unless the Stock Appreciation Right shall have already expired by its terms. This Stock Appreciation Right shall be exercisable, if at all, during such three (3) month period only to the extent exercisable on the date of termination of employment. For purposes of this Stock Appreciation Right, a transfer of the Participant's employment from the Corporation to a subsidiary, or vice versa, or from one subsidiary to another subsidiary, shall not be deemed a termination of employment.

6. EFFECT OF CHANGES IN CAPITAL STRUCTURE. The existence of this Stock Appreciation Right shall not affect in any way the right or power of the Corporation or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Stock or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceedings, whether of a similar character or otherwise.

7. DILUTION OR OTHER ADJUSTMENTS. In the event that prior to the payment by the Corporation of the full award payable under this Stock Appreciation Right the Corporation shall have effected one or more stock splits, stock dividends, mergers, reorganizations, consolidations, combinations or exchanges of shares, recapitalizations or similar capital adjustments, the Board of Directors of the Corporation shall equitably adjust the Base Price and the number of shares remaining subject to the Stock Appreciation Right in order to avoid dilution or enlargement thereof.

8. COMPLIANCE WITH LAWS. Notwithstanding any of the provisions hereof, the Participant agrees for himself/herself and his/her legal representatives, legatees and distributees that this Stock Appreciation Right shall not be exercisable and that the Corporation shall not be obligated to make any awards hereunder, if the exercise of this Stock Appreciation Right or the payment of such award would constitute a violation by the Participant or the Corporation of any provision of any law or regulation of any governmental authority.

9. NOTICES. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as provided in this Agreement; provided that, unless and until some other address be so designated, all notices or communications to the Corporation shall be mailed to or delivered to the Chief Financial Officer at the principal office of the Corporation, and all notices by the Corporation to the Participant may be given to the Participant personally or by mail, facsimile or electronic mail to the Participant at the Participant's place of employment with the Corporation or a subsidiary or at the last designated address for the Participant on the employment records of the Corporation.

10. **ADMINISTRATION AND INTERPRETATION.** The administration of this Stock Appreciation Right shall be subject to such rules and regulations as the Committee deems necessary or advisable for the administration of the Plan. The determination or the interpretation and construction of any provision of this Stock Appreciation Right by the Committee shall be final and conclusive upon all concerned, unless otherwise determined by the Board of Directors of the Corporation. This Stock Appreciation Right shall at all times be interpreted and applied in a manner consistent with the provisions of the Plan, and in the event of any inconsistency between the terms of this Stock Appreciation Right and the terms of the Plan, the terms of the Plan shall control, the terms of the Plan being incorporated herein by reference.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

KAMAN CORPORATION

By: _____
Its

_____, Participant

**KAMAN
CODE OF
BUSINESS CONDUCT**

(As amended November 11, 2008)

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STATEMENT OF CHIEF EXECUTIVE OFFICER

Our Company's business ethics philosophy is that all business and financial operations are to be conducted by the Company's officers, directors and employees in a manner that is ethically appropriate and complies with all applicable laws, rules and regulations. The Company's reputation for sound business ethics has been built over more than half a century. During this time the Company's policy has been based on a strong commitment to comply with all applicable legal requirements in its business dealings. The responsibility for continued compliance with the Company's policies and ethical standards rests with each and every officer, director and employee.

This Code describes the Company's standards of business and financial reporting conduct, however, it cannot cover every possible subject or situation and should not be treated as providing answers to all questions. The standards discussed in this Code are intended to reinforce the importance to the Company of ethical business practices and the Company's requirement that each officer, director and employee use good ethical judgment in the conduct of Company business. Please read it carefully and become familiar with these standards. Through strict adherence to this Code our Company preserves consistency in its decision-making processes and its long-standing reputation for integrity.

Neal J.
Keating
Chairman,
President and
Chief
Executive
Officer
Kaman
Corporation

PURPOSE OF THE CODE

General

The purpose of the Kaman Code of Business Conduct (the "Code") is to provide a statement of the policies and procedures of Kaman Corporation, and its subsidiaries (collectively the "Company") for conducting its business activities in a legally and ethically appropriate manner. These policies and procedures are intended to be applied with reasonable business judgment to enable the Company to achieve its operating and financial goals within the framework of the law.

The fundamental principle of the Code is that all business is to be conducted by the Company and its directors, officers, and employees in a manner which complies with all applicable laws, rules and regulations and comports with the Company's ethical standards.

It is the policy of the Company to prevent the occurrence of unlawful or unethical behavior and to halt any such behavior that may occur as soon as reasonably possible after its discovery. Every director, officer and employee should recognize that failure to comply with the standards contained in the Code can have severe consequences for both the individuals involved and the Company, including criminal prosecution under certain circumstances.

Applicability

- **Company Personnel.** This Code applies to all of the officers, directors and employees of the Company (collectively "Company Personnel" and individually a "Member of Company Personnel") and all such Company Personnel are required to acknowledge this by signing the Certification Statement appearing at the end of this Code. In business affiliations over which the Company does not have control, representatives of the Company shall use their influence to seek to achieve adherence to the spirit and content of the Code.
- **Consultants.** Where the Company retains outside consultants or agents to assist with its business operations, such consultants or agents, and their officers and employees, will be expected to comply with the provisions of this Code with respect to their work conducted on behalf of the Company, and the use of Company standard Consulting Agreements referencing this Code should be used in retaining such consultants.

The standards of conduct discussed in this Code are the responsibility of every Member of Company Personnel regardless of position. The Company is responsible for ensuring awareness of these standards through effective employee communications, and for providing a working environment supportive of the responsibilities of each Member of Company Personnel. Every manager and supervisor should encourage frank and open discussions regarding the importance of adhering to Company standards of conduct.

Reservation of Rights

The Company's Code is not intended to confer any special rights or privileges upon specific individuals, provide greater or lesser rights under applicable law or entitle any person to remain employed by the Company. The guidelines and procedures set forth herein should not be interpreted as altering the employment relationship between the Company and its employees and do not constitute an employment contract. This Code is not a contract, and the Company reserves the right to change, modify, suspend, interpret or eliminate any provision in this Code at any time, with or without notice.

IMPLEMENTATION OF THE CODE

Company Compliance Officers

In order to implement this Code, senior and management level personnel have been designated as Company Compliance Officers throughout the Company.

The Company Compliance Officers' responsibilities include:

- Ensuring that the Code is distributed and that recipients acknowledge their understanding and compliance with it as a condition of employment.
- Ensuring that training programs on the Code are conducted.
- Ensuring that the Company's operations are reasonably monitored for compliance with the Code.
- Ensuring that instances of possible Code violations are properly investigated and, where violations are confirmed, that necessary remedial actions are taken to prevent their recurrence.
- Reporting to the Chief Compliance Officer (located in the Company's Corporate Legal Department) and Internal Audit Department on all matters involving compliance with the Code.

The designation of Company Compliance Officers within the Company in no way diminishes every supervisor's responsibility to take reasonable steps to assure that those employees for whom he or she has responsibility comply with the Code. For a list of Company Compliance Officers at your subsidiary, please call your Human Resources Representative.

Translations of this Code in languages other than English will be made available upon request for non-English speaking employees, however the English language version of the Code will be the governing version.

Reporting of Violations

Any Member of Company Personnel who believes a violation of the Code has occurred, or may occur, should report that to his/her supervisor for appropriate corrective action as may be required. As appropriate, the supervisor will involve the Company Compliance Officer and/or the Company's Corporate Legal Department and the Company's Internal Audit Department. In the alternative, or if the matter is not resolved promptly, any Member of Company Personnel may report such violation or suspected violation immediately as follows:

- on the Company's international/U.S. 800 "hotline" (1-866-450-3663 (nationwide) and 860-243-7900 (local within Connecticut)), or
- to your Company Compliance Officer using the Fact Sheet attached at the end of this Code, or
- to the Company's Corporate Legal Department or the Company's Internal Audit Department

When there is a doubt as to the lawfulness of any past or proposed activity, or whether a Code violation may have occurred, Company Personnel are encouraged first to direct their concerns to their supervisor, their Company Compliance Officer or the Corporate Legal Department before involving an outside entity. By doing this, the Company will have the opportunity to investigate and, if necessary, correct the situation without having to involve a governmental or other outside organization in cases where it may be unnecessary to do so.

All reported violations of the Code will be treated confidentially to the extent reasonable and possible under the circumstances and it will be the Company Compliance Officer's responsibility to coordinate investigation of suspected Code violations in coordination with the Corporate Legal Department and Internal Audit Department. It is important that Company Personnel do not conduct their own preliminary investigations, since that could adversely affect the Company's ability to make a clear determination of the facts.

Company Compliance Officers will keep all persons who submit Fact Sheets informed of the status of an investigation, to the extent deemed appropriate. Reporting persons who wish to follow-up on the result of an investigation should feel free to contact their Company Compliance Officer or the Corporate Legal Department.

The Audit Committee

The Audit Committee of Kaman Corporation's Board of Directors monitors the Company's compliance program and the reporting of compliance concerns or alleged violations of the Code. This includes the monitoring of confidential or anonymous submissions of concerns regarding questionable accounting, internal controls or auditing matters through periodic management reports. If any Company Personnel wishes to raise a question or concern or report a possible violation of such matters to the Audit Committee, such matters may be submitted in the manner described above in the section entitled "Reporting of Violations". Upon verification, your concern will be promptly communicated to the Audit Committee of the Board.

Disciplinary Actions

It is important that the Company and all Company Personnel conduct themselves to the best of their ability in accordance with the Company's standards of business ethics and conduct as set forth in this Code. The following actions by any Company Personnel will result in disciplinary measures being taken by the Company:

- Violation of the Code.
- Knowingly authorizing or participating in actions which are in violation of the Code.
- Failing to report a violation of the Code or withholding relevant and material information concerning such a violation of which any Member of Company Personnel becomes aware.
- Retaliating, directly or indirectly, or encouraging others to do so, against an individual who reports a violation of the Code.
- Intentionally reporting false information.

Disciplinary action may include any one or more of the following, not necessarily in the order shown:

- A warning.
- A written reprimand (to be noted in individual's personnel record).
- Probation.
- Temporary suspension.

- Discharge.
- Required reimbursement of losses or damages.
- Referral for criminal prosecution or civil action.

Disciplinary action will be taken against:

- Company Personnel who willfully violate the standards described in this Code.
- Any Member of Company Personnel who deliberately withholds relevant information concerning a violation of this Code.
- Any manager or supervisor of a violator, to the extent that the circumstances of the violation occurred with the knowledge or acquiescence of the supervisor.
- Any supervisor or Company Personnel who retaliates (or encourages others to do so) against any person who reports a violation of the Code.

Waivers of the Code

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors and will be promptly disclosed if, and as required by law, or stock exchange regulation.

Questions Regarding the Code

The Company is committed to provide timely and specific guidance concerning interpretation of the Code or guidance with respect to any ethical question which Company Personnel may encounter. As further discussed below, all Company Personnel are encouraged to seek advice from their Company Compliance Officer and/or the Corporate Legal Department on these matters.

COMPLIANCE WITH APPLICABLE LAWS AND POLICIES

In General

The activities of the Company, and all Company Personnel should always be in full compliance with applicable laws, rules and regulations. In the case of non-employee consultants or agents, it is the responsibility of the Company Compliance Officer to make sure that such persons are aware of the Code and agree to conduct themselves in accordance with its provisions. Described below are certain laws and regulations particularly important to the Company's business.

False Statements and Schemes to Defraud

In the day to day affairs of the Company it may be customary for Company Personnel to sign a multitude of documents, some of which require sworn statements. It is a violation of Company policy, and a criminal offense punishable by fines and imprisonment, for employees to knowingly make false statements under oath regarding matters within the jurisdiction of any governmental agency. In addition, conduct in which any Member of Company Personnel engages in any scheme or artifice to defraud anyone, or cause the mail or wire services to be used in furtherance of such conduct, is in violation of this Code and the law, and can result in severe legal penalties. Any questions regarding these matters should be directed to the Corporate Legal Department.

Accounting and Record-Keeping

The law requires that the Company properly keep books, records and accounts which reflect accurately and fairly and within the Company's normal system of accountability, all transactions of the Company, and all other events that are the subject of specific regulatory record-keeping requirements.

It is the policy of the Company that all transactions be recorded as necessary or appropriate in the regular books of the Company to permit the preparation of financial statements in conformity with Generally Accepted Accounting Principles and other applicable rules, regulations and criteria and to ensure full accountability for all assets and activities of the Company. Under no circumstances will the Company approve the establishment of (i) any unrecorded fund or asset of the Company, regardless of the purposes for which such fund or asset may have been intended, (ii) any improper or inaccurate entry knowingly made in the books and records of the Company, (iii) any payment on behalf of the Company made with the intention, understanding or awareness that any part of such payment is to be used for any purpose other than that described by the documents supporting the payments, or (iv) any payment or transaction not made for a proper, lawful and authorized Company purpose.

If you have any question regarding compliance of the Company's books and records with the foregoing requirements, please contact the Company Compliance Officer or the Corporate Legal Department.

Conduct of Audits

No action should be taken by any Company Personnel to fraudulently influence, coerce, manipulate, or mislead (i) any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Company, or (ii) any member of the Company's Internal Audit Department engaged in the performance of an internal audit or investigation. All Company Personnel are expected to cooperate in any audit or investigation being conducted by the Company's internal or independent auditors in coordination with the Company's Corporate Legal Department.

Cooperation with Investigations and Law Enforcement

It is the Company's policy to cooperate, in an organized manner through the Corporate Legal Department, with all proper: (i) government investigators and law enforcement officials, (ii) investigations by non-governmental regulators with oversight of the Company's business (such as securities exchanges), and (iii) internal Company investigations. All inquiries or requests or demands for information from external or internal investigators should be immediately referred to the Corporate Legal Department. The Corporate Legal Department will coordinate all responses to external or internal investigators' questions. Failure to cooperate with legitimate investigations in this manner will result in disciplinary action, up to and including termination.

Environmental Compliance

The Company intends to conduct its business in compliance with applicable laws and regulations relating to the protection of the environment and it is the responsibility of all Company Personnel to carry out this obligation.

Environmental violations, even if totally unintentional, carry severe penalties and could result in criminal prosecution of both the Company Personnel involved and the Company. The Company believes that environmental compliance today will help the Company avoid problems and liabilities in the future.

The complexity of environmental laws and their impact is significant and the [Kaman Environmental Compliance Guide](#) has been prepared to outline these laws in the U.S. and their requirements. For detailed information on compliance with environmental laws, reference the [Kaman Environmental Compliance Guide](#) or contact the Corporate Legal Department. Please contact your Company Compliance Officer or the Corporate Legal Department for a copy of this brochure.

Competition and Antitrust Laws

The existence of competition is vital to the free enterprise system and the Company believes in total compliance with applicable antitrust laws and trade regulation laws by all Company Personnel at every level of our business. These laws have been created to promote competition by restricting a wide range of anti-competitive transactions and practices and bear on many aspects of relations with competitors and customers. Although such laws are complicated, ignorance of what constitutes an antitrust violation or trade regulation violation is not a defense to prosecution. Company pricing and related procedures, and relationships with competitors and customers are particularly sensitive areas.

The complexity of the antitrust laws and their impact is significant and the [Kaman Antitrust Compliance Guide](#) has been prepared to outline these laws in the U.S. and their requirements. For more detailed information on compliance with antitrust laws reference the [Kaman Antitrust Compliance Guide](#) or contact the Corporate Legal Department. Please contact your Company Compliance Officer or the Corporate Legal Department for a copy of this brochure.

Labor and Employment Laws

The Company's policy is that all Company Personnel shall comply with applicable laws concerning labor and employment.

The Company is bound by these laws and has established comprehensive programs, including equal employment opportunity procedures, safety and health programs and wage and hour procedures to ensure compliance with legal requirements. The following is a discussion of general labor and employment laws and the Company's policies with respect to such laws.

Equal Employment Opportunity. The Company is dedicated to the goal of providing equal employment opportunity for all persons without regard to any legally impermissible classification such as race, color, religion, sex, national origin, citizenship, age, sexual orientation, disability, or veteran status.

The Company requires all Company Personnel to refrain from any act which is designed to, or causes, unlawful employment discrimination in any aspect of a person's employment including decisions concerning hiring, placement, transfer, demotion, promotion, recruitment, training, advertising, compensation, termination or use of employee benefits or facilities.

Employees with Disabilities. The Company requires that Company Personnel not unlawfully discriminate against any individual with a disability who is qualified to perform the essential functions of his/her job with or without reasonable accommodation. The Company requires that no unlawful discrimination occur in the hiring process or in regard to any term, condition or privilege of employment, and the Company requires that reasonable accommodations be made for such individual to the extent required by applicable law.

Sexual and Other Harassment. The Company strongly supports the right of Company Personnel to work in an environment that is free from all forms of unlawful discrimination, including what has been called "sexual harassment", and any other usually impermissible classification, such as discriminatory or retaliatory treatment based on race, color, sex (with or without sexual conduct), religion, national origin, age, disability, or because the Member of Company Personnel asserts rights under, or participates in an investigation or complaint proceeding under, any applicable laws or regulations. "Sexual harassment" may include unwelcome sexual advances, requests for sexual favors, and any other verbal or physical conduct of a sexual nature that has the effect of unreasonably interfering with an employee's work performance or which creates an intimidating, hostile or offensive work environment. All Company Personnel should refrain from engaging in any conduct which gives rise to such an environment.

Safety and Health. The Company is committed to providing a workplace that is free of recognized hazards and meets all current legal requirements. Company Personnel are required to comply with all applicable health and safety laws and are required to report any unsafe conditions, hazards, broken equipment or machinery or work-related accidents to their supervisor or to the Company Compliance Officer. Supervisors are responsible for ensuring that their staffs attend training sessions and periodic meetings concerning safe work practices and accident prevention when such meetings are scheduled. Each Member of Company Personnel has the responsibility to prevent accidents by following safe work procedures and practices and using all personal protective equipment provided by the Company.

Substance and Alcohol Abuse. The use, sale, purchase, or possession of any controlled substance (except for proper use of medically prescribed drugs) by any Company Personnel or other person engaged in Company business or while on Company grounds is prohibited. Additionally, the use, sale, purchase or possession of alcohol on Company grounds is prohibited. Being under the influence of alcohol or any controlled substance (except medically prescribed drugs) while on Company grounds or performing Company business is also prohibited.

Please contact your Company Compliance Officer or the Corporate Legal Department if you have questions concerning your rights under or your responsibilities in complying with labor and employment law policies and procedures.

Governments Contracts

As a supplier of products and services to the United States Government, as well as to foreign, state and local governments, the Company recognizes that there are numerous laws, regulations and contractual requirements that apply to its relationship with a government as customer. These include the requirement to accurately and truthfully report to the best of the Company's knowledge and belief all required information which may include expenses, cost and pricing data, quality inspection, specification compliance and subcontractor or supplier cost and pricing data, and to deal with suppliers and subcontractors in a fair and reasonable manner consistent with all laws and with good business practices. In addition, the Company and all Company Personnel are required to follow rules and regulations which govern the handling of classified information. Each Member of Company Personnel in each segment of the Company having a government customer or customers shall comply with the Company's policies and procedures specifically addressing government contracting issues.

Please contact the Corporate Legal Department if you have questions concerning the government contracting laws applicable to the Company.

Improper Payments

In connection with commercial business activities, Company Personnel may provide or accept entertainment, meals, gifts of a nominal value, and other business courtesies so long as they are documented in accordance with Company policy, arise out of the lawful and normal course of business, and are reasonable and in accordance with lawful and appropriate business customs.

It is the Company's policy, however, to specifically prohibit Company Personnel from offering, giving, soliciting or receiving any form of bribe or kickback from anyone. In particular, the offer or provision of any bribe or gratuity to a federal, state or local government official is prohibited whether or not the offer or gift is given for the specific purpose of influencing a governmental act and whether or not personal funds or resources are used. In addition, the law prohibits the use of Company funds to provide anything of value to a foreign official to induce that official to affect any governmental act or decision in a manner that will benefit the Company (except for certain "facilitating" payments, such as tipping a stevedore or harbor master, made to expedite the performance of routine government actions).

In addition the Company will not provide or guarantee loans to any Company directors or executive officers that are prohibited by applicable law.

Political Contributions

The Company's policy is that all Company Personnel shall comply with political campaign finance and ethics laws. Company policy prohibits the use of Company assets on behalf of a political party or candidate. Additional laws in this area apply specifically to Company segments doing business with governmental agencies, including the U.S. Department of Defense.

As authorized by the U.S. Federal Election Campaign Act, the Company has established Political Action Committees ("PACs") which may lawfully make contributions to candidates for public office. By law, the Company is prohibited from compensating or reimbursing Company Personnel for political contributions. All solicitations of Company Personnel for political contributions to Company PACs must communicate that such contributions are voluntary; no one will be prejudiced as a result of a decision not to contribute; and such contributions are not tax-deductible. The Company's policy is not intended to discourage or prohibit Company Personnel from voluntarily making personal political contributions; from participating in the political process on their own time and at their own expense; from expressing their personal views on legislative or political matters; or from otherwise engaging in political activities provided such activities do not create the appearance of Company activity.

Securities Laws

The Company has a commitment to comply applicable securities laws and regulations which include the rules on so-called "insider" information. In the course of business operations, Company Personnel or others may become aware of material nonpublic information relating to business matters. Under applicable securities laws any person who is aware of material nonpublic information is prohibited from trading in the Company's securities on the basis of such information. In addition, under Company policy, all Company Personnel (including other persons who are closely related to a Member of Company Personnel) are prohibited from trading in the Company's securities on the basis of such material nonpublic information. Any questions should be directed to any of the Company's Compliance Officers or to the Company's Corporate Legal Department. If any Member of Company Personnel becomes aware of material nonpublic information relating to the Company's business or relating to firms with which the Company is negotiating or competing such person is prohibited from buying or selling shares or other securities of the Company or such firms or disclosing such information except to the extent permitted by applicable law until such information has been disclosed to the public and the market has had an adequate opportunity to absorb the information.

Please contact the Company's Corporate Legal Department if you have questions concerning the "insider" information rules or other provisions of the securities laws.

Public Disclosures

The Company's principal executive, financial and accounting officers are responsible for the full, fair, accurate, timely, and understandable disclosure of all information required by applicable law to be so disclosed in reports and documents filed with, or submitted to, the U.S. Securities and Exchange Commission and other regulators, and in other public communications made by the Company.

Protection of Company Assets

The protection, safeguarding and proper and efficient use of Company property and any customer or supplier property entrusted to the Company (collectively, "Company property") is an important responsibility of all Company Personnel. Care should be taken to ensure that Company property is not misappropriated, loaned to others, or sold or donated, without appropriate authorization. Any suspected incident of fraud or unauthorized conveyance of Company property should be immediately reported for investigation in accordance with the Company's procedures. Company property, facilities and equipment are intended to be used for the conduct of the Company's business and any exceptions should be in accordance with Company policy. Each employee should consult his or her supervisor for appropriate guidance and permission in this regard. Any question should be directed to the Company Compliance Officer or the Company's Corporate Legal Department.

Protection of Company Information

During the course of employment with the Company, Company Personnel or Company Consultants may become aware of certain Company proprietary and/or confidential information. Such information may include, but is not limited to, the Company's methods, processes, designs, equipment, catalogues, pricing, customers, inventions, sales, financial information, business plans or prospects. All such information is the sole property of the Company, regardless of form or media. All Company Personnel and Consultants are required to maintain all such information in confidence, both during and after employment with the Company, and not use, disclose or appropriate such information for any purpose other than as authorized by the Company for the sole benefit of the Company. All Company Personnel are required to comply with the terms of the Company Employment Agreement executed at the time of hire.

Information Systems

The Company provides computing, network and other electronic communication resources ("Information Systems") to its Company Personnel because it recognizes the technology as a valuable business tool that enables individuals to communicate with greater efficiency, which further increases productivity.

The use of such resources is a privilege, not a right. This privilege is embodied in the responsible use of these resources. The Company expects each person utilizing such resources to conduct himself or herself in a lawful, ethical and productive manner in accordance with Company policy and primarily for business related purposes. The Company will not tolerate the use of such resources for the purpose of distributing potentially offensive or inappropriate materials. Individuals, including Company Personnel, utilizing any Company Information Systems should have no expectation of privacy in connection with the use of the Company's Information Systems. The contents of any message, document, or other matters sent through any Company Information System may be monitored by Company management, by law enforcement agencies or by others as the Company deems appropriate. The Company's policy on use of the Company's Information Systems appears periodically on the Company's Information Systems network, and notices regarding its terms appears in other Company media and is available from the Human Resources Department of each of the Company's segments.

Document Retention

The Company is required by law to maintain certain types of corporate records, usually for a specified period of time and each subsidiary is responsible for maintaining a records retention policy. Each subsidiary's policy should be consistent with this Code, and the Company has established a Records Retention Oversight Committee to provide periodic policy guidance and direction in accordance with this Code.

As a general matter, certain accounting, payroll and tax records and various legal contracts are to be maintained for a period of seven (7) years following their expiration; however, this period is subject to many exceptions, such as for records relating to tax filings, insurance policies, U.S. Department of Defense contracts and audits, other government contracts and audits, and certain personnel records. Failure to retain such documents for the required minimum period of time in each case could subject the Company to penalties and fines, cause loss of rights or place the Company at a serious disadvantage in litigation. Therefore, it is the Company's policy to retain corporate records and documents as are essential to the conduct of the Company's business activities for the legally required time periods and in accordance with each subsidiary's policy. For the purposes of this policy, the terms "records" or "documents" include records or documents in any form or media, including electronic records, and the Company may issue further guidance from time to time as may be appropriate.

Electronic mail, general correspondence and other documents which are not legally significant or essential to a particular business transaction are to be retained only for so long as necessary, and then are to be discarded regularly on an ongoing basis. However, in the case of litigation or a significant event likely to lead to litigation, such as the involvement of one of the Company's products in an accident or a situation involving property damage or bodily injury, all regular destruction activity should be suspended and all documents relating to the event or litigation should be preserved until the matter is resolved. If you have any questions concerning specific document retention policies related to your company's policy or business activities, contact the Corporate Legal Department for further guidance.

Privacy and Data Protection Laws

The Company's policy is to acquire, retain and disclose only such information related to its Company Personnel and customers as is permitted in accordance with applicable law in the jurisdictions in which the Company operates. It is the Company's policy to comply with all applicable privacy laws and regulations, and with all valid subpoenas or court orders.

Communications with the Media and the Public

The Company is committed to making timely, complete and accurate public or regulatory disclosures as required by applicable law to maintain integrity in its relationships with the public. In general, requests for financial or business information about the Company or requests for interviews relating to the Company or its affairs, or the issuance of any press releases should be referred to the office of the Chief Investment Officer for review and approval in advance. To the extent such requests relate to legal proceedings or legal issues or are requests which emanate from governmental agencies or attorneys for private parties, such requests should be referred to the Corporate Legal Department. It is important that Company Personnel not respond to any such inquiry or contact on their own because any inappropriate or inaccurate response, even a denial or disclaimer of information, may result in adverse publicity and could otherwise seriously affect the Company's legal or business position. Other public communications by Company Personnel in their capacity as Company representatives, such as articles for professional publications or speeches at professional gatherings or trade forums, should comply with Company procedures. In all other cases, Company Personnel should be aware that their statements and actions can reflect on the Company and may be interpreted as statements of the Company depending upon the circumstances. While the Company recognizes the right to freedom of individual expression, Company Personnel should not exercise this right in a manner which would imply that such expression is that of the Company, unless prior authorization has been granted by the Company.

Lobbying

Company Personnel whose work requires lobbying communications with any member or employee of a legislative body or with any government official or employee in the formulation of legislation should coordinate such activity with the Corporate Legal Department. "Lobbying" can include a variety of activities and may subject the Company to certain reporting requirements. Any questions should be directed to the Corporate Legal Department.

Copyrighted Material/Computer Software

It is against Company policy for any Company Personnel to copy, scan, digitize, broadcast or use third-party copyrighted material, or third-party computer software when conducting Company business, or preparing Company products or promotional materials, unless written permission from the copyright holder or a license from the computer software owner has been obtained prior to the proposed use. Improper use could subject both the Company and the individuals involved to legal liability for copyright infringement. Any questions should be directed to the Company's Corporate Legal Department.

CONFLICTS OF INTEREST

In General

In addition to compliance with applicable law, Company Personnel have a duty of loyalty to the Company and are expected to act in an ethical manner, avoiding any activity that may interfere, or have the appearance of interfering, with the independent exercise of their judgment in the best interests of the Company.

This policy is broader than mere observance of a rule, however. It includes a standard of loyalty and responsibility on the part of all Company Personnel to recognize their respective positions in the Company and to recognize how individual actions and interests can reflect upon both the individual and the Company.

This policy is implemented by a continuing requirement of disclosure by all Company Personnel of any circumstances which might be inconsistent with the Company's policy. The continuing requirement of disclosure in no way represents an intention on the part of the Company to police or restrict the activities of Company Personnel. It is merely recognition of the proposition that very few substantial questions of conflicts of interest can exist where there is full knowledge of the facts by all parties.

In accordance with this policy, the Company requires that all business transactions should be at arm's length, negotiated in good faith and based on merit alone. Although it is impractical to list all those circumstances which might raise ethical or conflict-of-interest questions, as a minimum examples of conflicts of interest include the following: conducting Company business with relatives; holding a material interest in or acting as an official of another enterprise which is a Company supplier, contractor, customer, consultant, competitor, merger target or acquisition target; benefiting unfairly (or enabling a relative to benefit unfairly) from the use or disposition of Company property or the conduct of Company business; and taking advantage of inside information which is not otherwise available to the general public for any manner of personal gain.

In addition, since individuals interests tend to be identified with those of their immediate family members, all Company Personnel should be aware that actions of their family members may be attributable to them.

Duty to Report Conflicts of Interest; Procedures

All Company Personnel have a responsibility and a duty of loyalty to the Company, and all business decisions should be made in the best interests of the Company. This means putting the Company's interests first. A conflict of interest is created when a Member of Company Personnel places self-interest (or the interests of others) ahead of the Company's interests.

All Company Personnel are encouraged to review their personal and employment situations and are required to take the following steps in any situation which might involve a potential conflict of interest or the appearance of such a conflict:

1. Report the situation in writing to your supervisor;
2. Obtain written approval from your supervisor for the situation or (if the situation is not approved) written direction for resolving the conflict of interest which might be posed.
3. Should a situation arise that would constitute a "related-party transaction" under U.S. Securities and Exchange Commission regulations or other applicable laws, the independent members of the Board of Directors will review the propriety of, and approve or disapprove, such transaction.

All supervisors are required to maintain reasonable ongoing oversight after a potential conflict of interest (or the appearance thereof) has been reported in order to ensure that the direction provided by the supervisor with respect to the matter has been followed. Any questions should be referred to the Company Compliance Officer. Because certain situations may involve difficult questions of judgment, all situations which raise any question of a conflict of interest or a violation of ethical standards should be discussed with the employee's supervisor or, if the conflict cannot be resolved or eliminated, with the Company Compliance Officer.

FACT SHEET

You may report your concerns on the Company's Hot Line (866) 450-3663 (nationwide) and 860-243-7900 (local within Connecticut)

OR

RETURN THIS completed document to: your Compliance Officer or

Chief Compliance Officer
Legal Department
Kaman Corporation
P. O. Box 1
Bloomfield, CT 06002
"Personal and Confidential"

1. Name of person filing this report (optional):
2. Date:
3. Facts: Please describe, as completely as possible, your knowledge of the facts (including, where appropriate, dates and times) relating to a violation or possible violation of the Kaman Code of Business Conduct. (Use a separate sheet and attach if more space is needed.)
4. Signature: I declare that all of the statements made in this Fact Sheet are true to my best knowledge and belief. I understand that disciplinary actions may result if it is determined that the statements contained herein are false or made for a purpose other than to describe my knowledge of the facts relating to the particular violation or suspected violation set forth above.

Signature (optional)
(Please print your name below) (optional)

Note: For various legal reasons, please DO NOT conduct your own preliminary investigations since acting on your own may adversely affect both you and Kaman.

CERTIFICATION STATEMENT

To: Compliance Officer

From: Company Personnel

This is to certify and acknowledge that I have received, read and understand the Kaman Code of Business Conduct (the "Code"). I agree to comply fully with the standards contained in the Code and any related policies and procedures adopted by the Company, and understand that compliance with such standards, policies and procedures is a condition of my continued employment or association with the Company. I understand the Company has the right to conduct an investigation in the event a question of Code compliance should arise and that the Company has the ongoing right to monitor and oversee Code compliance. In such event and for such purposes, I agree to cooperate fully with the Company and I agree to the disclosure of all relevant information to and by the Company and its compliance officers, wherever located.

Signature

(Please print your name below)

Date:

KAMAN CORPORATION

SUBSIDIARIES

Following is a list of the Corporation's subsidiaries, each of which, unless otherwise indicated, is wholly owned by the Corporation either directly or through another subsidiary. Second-tier subsidiaries are listed under the name of the parent subsidiary.

Name	State of Incorporation
Registrant: KAMAN CORPORATION	Connecticut
Subsidiaries:	
Kaman Aerospace Group, Inc.	Connecticut
Kaman Aerospace Corporation	Delaware
K-MAX Corporation	Connecticut
Kaman Aerospace International Corporation	Connecticut
Kaman X Corporation	Connecticut
Kamatics Corporation	Connecticut
Kaman PlasticFab Group, Inc.	Delaware
Plastic Fabricating Company, Inc.	Delaware
Kaman Precision Products, Inc.	Florida
RWG Frankenjura-Industrie Flugwerklager GmbH	Germany
Kaman UK Holdings Limited	UK
Brookhouse Holdings Limited	UK
Brookhouse Group Holdings Limited	UK
Brookhouse 2004 Limited	UK
Brookhouse Tooling Limited	UK
Brookhouse Composites Limited	UK
Brookhouse Aerospace Limited	UK
Brookhouse (SPD) Tool Company Limited	UK
Brookhouse Automotive Limited	UK
Brookhouse IM Limited	UK
Kaman Industrial Technologies Corporation	Connecticut
Kaman Industrial Technologies, Ltd.	Canada
Delamac de Mexico, S.A. de C.V.	Mexico
Industrial Supply Corporation	Virginia
Industrial Rubber & Mechanics, Inc.	Puerto Rico

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Kaman Corporation:

We consent to incorporation by reference in the Registration Statements (Nos. 333-116371 and 333-66183) on Form S-8 and (No. 333-127649) on Form S-4 of Kaman Corporation of our report dated February 26, 2009, with respect to the consolidated balance sheets of Kaman Corporation and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2008, the effectiveness of internal control over financial reporting as of December 31, 2008, and the related financial statement schedules which reports appear in the December 31, 2008 Annual Report on Form 10-K of Kaman Corporation.

/s/ KMPG

Hartford, Connecticut
February 26, 2009

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned does hereby appoint and constitute Neal J. Keating and William C. Denninger and each of them as his or her agent and attorney-in-fact to execute in his or her name, place and stead (whether on behalf of the undersigned individually or as an officer or director of Kaman Corporation or otherwise) the Annual Report on Form 10-K of Kaman Corporation respecting its fiscal year ended December 31, 2008 and any and all amendments thereto and to file such Form 10-K and any such amendment thereto with the Securities and Exchange Commission. Each of the said attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 23th day of February, 2009.

Robert Alvine
Brian E. Barents
E. Reeves Callaway III
Karen M. Garrison

Edwin A. Huston
Eileen S. Kraus
Neal J. Keating
Thomas W. Rabaut
Richard J. Swift

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, Neal J. Keating, certify that:

1. I have reviewed this annual report on Form 10-K of Kaman Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2009

By: /s/ Neal J. Keating

Neal J. Keating
President and Chief Executive Officer

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, William C. Denninger, certify that:

1. I have reviewed this annual report on Form 10-K of Kaman Corporation;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2009

By: /s/ William C. Denninger

William C. Denninger

Senior Vice President and Chief Financial Officer

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Kaman Corporation (the "Corporation") on Form 10-K for the fiscal year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal J. Keating, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ Neal J. Keating
Neal J. Keating
President and Chief Executive Officer
February 26, 2009

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Kaman Corporation (the "Corporation") on Form 10-K for the fiscal year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Denninger, Senior Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ William C. Denninger
William C. Denninger
Senior Vice President and Chief Financial Officer
February 26, 2009