KAMAN CORP
Form DEF 14A
February 25, 2010

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
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Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
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KAMAN CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 21, 2010

Notice is hereby given that the Annual Meeting of Shareholders of Kaman Corporation will be held at the offices of the company, 1332 Blue Hills Avenue, Bloomfield, Connecticut 06002, on the 21st day of April, 2010, at 11:00 a.m., local time, for the following purposes:

1. To elect one (1) Class 3 Director to serve a term of one (1) year and three (3) Class 2 Directors to serve for terms of three (3) years each and until their successors are duly elected and qualify.

2. To approve the company s 2003 Stock Incentive Plan (As amended through February 23, 2010).

3. To approve the company s Employees Stock Purchase Plan (As amended through October 13, 2009).

4. To ratify the appointment of KPMG LLP as the company s independent registered public accounting firm for the ensuing year.

5. To transact such other business as may properly come before the meeting.

The close of business on February 16, 2010 has been fixed as the record date for determining the holders of Common Stock entitled to notice of, and to vote at, the Annual Meeting.

On February 25, 2010, we began mailing our Proxy Statement and Annual Report to Shareholders along with instructions for submitting proxies by telephone or the Internet as well as our Notice of Internet Availability of Proxy Materials, which contains instructions for our shareholders use, including how to access our Proxy Statement and Annual Report to Shareholders.

All shareholders are cordially invited to attend the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

CANDACE A. CLARK, Senior Vice President,
Chief Legal Officer, and Secretary

Dated February 25, 2010

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, THE BOARD OF DIRECTORS URGES YOU TO VOTE YOUR SHARES USING THE TOLL-FREE TELEPHONE NUMBER OR THE INTERNET, AS DESCRIBED IN THIS PROXY STATEMENT AND THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS. AS AN ALTERNATIVE, IF YOU RECEIVED A PAPER COPY OF

THE PROXY CARD BY MAIL, YOU MAY SIGN, DATE AND MAIL THE PROXY CARD IN THE ENVELOPE PROVIDED, WHICH DOES NOT REQUIRE POSTAGE. VOTING OVER THE INTERNET, BY THE TOLL FREE NUMBER OR COMPLETING AND MAILING A PROXY CARD WILL NOT LIMIT YOUR RIGHT TO VOTE IN PERSON AT THE ANNUAL MEETING. YOUR PROMPT RESPONSE IS MUCH APPRECIATED.

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PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS APRIL 21, 2010

This Proxy Statement is being furnished to Common Stock holders of Kaman Corporation (the company or Company) in connection with solicitation of proxies by the company s Board of Directors (sometimes referred to as the Board) for use at the company s Annual Meeting of Shareholders (sometimes referred to as the Annual Meeting) to be held on Wednesday, April 21, 2010 (or at any adjournments or postponements thereof), at the time, place and for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders dated February 25, 2010.

As permitted by U.S. Securities and Exchange Commission (SEC) rules, we are distributing proxy materials to our shareholders using a combination of printed copy mailing of proxy materials and furnishing these materials (including this Proxy Statement and the Annual Report to Shareholders) over the Internet with a Notice of Internet Availability of Proxy Materials by mail. If you receive the Notice of Internet Availability of Proxy Materials, it will explain how you may access and review all of the important information contained in the proxy materials on the Internet and how you may submit your proxy by telephone or the Internet you may also obtain a printed copy of these materials by following the instructions in the Notice of Internet Availability of Proxy Materials.

On February 25, 2010, we began mailing either the proxy materials or the Notice of Internet Availability of Proxy Materials to shareholders of record. On that date, all shareholders of record and beneficial owners will have the ability to access all of the proxy materials on a web site described below and referenced in the printed copy of the proxy materials and the Notice of Internet Availability of Proxy Materials. The proxy materials are available free of charge.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held On April 21, 2010.

The proxy statement, proxy card and annual report to shareholders are available at:
(http://www.proxyvoting.com/kamn)

Shareholders Entitled to Vote

The record date for the Annual Meeting is February 16, 2010. Only holders of the Company s Common Stock as of the close of business on that day are entitled to notice of, and to vote at, the Annual Meeting. As of that date, there were 25,782,850 shares of Common Stock outstanding, each of which is entitled to one vote on each matter properly brought before the meeting.

Proxies and Voting Procedures

Before the Annual Meeting, you can appoint a proxy to vote your shares of Common Stock by following the instructions contained in the Notice of Internet Availability of Proxy Materials. You can do this by (i) using the Internet (http://www.proxyvoting.com/kamn), (ii) calling the toll-free telephone number (1-866-540-5760) or (iii) by completing, signing and dating the proxy card where indicated, if you have a printed copy of our proxy materials, and mailing or otherwise returning the card to us prior to the beginning of the Annual Meeting. Whichever method you choose, you may revoke the proxy at any time in the manner described below before it is voted.

All properly submitted proxies received prior to the Annual Meeting will be voted in accordance with their terms. If a proxy is returned signed, but without instructions for voting, the shares of Common Stock it represents will be voted as recommended by the Board of Directors. If a proxy is returned improperly marked, the Common Stock it represents will be counted as present for purposes of determining a quorum but will be treated as abstentions for voting purposes. Unsigned proxies will not be counted for any purpose.

A properly submitted proxy may be revoked at any time before it is voted. Revocation may be accomplished by (i) casting a new vote via the Internet or by telephone; (ii) giving written notice to the company s Corporate Secretary or submitting a written later-dated proxy prior to the beginning of the Annual Meeting, or (iii) attending the Annual Meeting and voting in person. If you submit a later dated proxy, it will have the effect of revoking any proxy that you submitted on an earlier date and will constitute a revocation of all previously granted authority to vote for every proposal included on any previously submitted proxy.

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Attendance at the Annual Meeting will not by itself revoke a proxy. Written revocations or later-dated proxies should be hand-delivered to the Corporate Secretary at the Annual Meeting or sent to Kaman Corporation, Corporate Headquarters, 1332 Blue Hills Avenue, Bloomfield, CT 06002, Attention: Corporate Secretary.

Vote Required for Quorum and Adoption of Proposals

Under Connecticut law, our Common Stock holders may take action on a matter at the Annual Meeting only if a quorum exists with respect to that matter. With respect to each of Proposals No. 1, 2, 3 and 4, a majority of the votes entitled to be cast on each matter by Common Stock holders will constitute a quorum for action on that matter. For this purpose, only shares of Common Stock held by those present at the Annual Meeting or for which proxies are properly provided by telephone, Internet or in writing and returned to the company as provided herein will be considered to be represented at the Annual Meeting. All shares of Common Stock represented at the Annual Meeting will be counted for quorum purposes without regard to abstentions or broker non-votes as to any particular item.

Directors (Proposal 1) are elected by a plurality of the votes cast, but our Board has supplemented the state law voting requirement with a majority voting policy which is described in more detail below. Approval of the proposal to amend and restate the company s 2003 Stock Incentive Plan (Proposal 2) requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Approval of the proposal to amend and restate the company s Employees Stock Purchase Plan (Proposal 3) requires the affirmative vote of a majority of the issued and outstanding shares of Common Stock. Ratification of the appointment of KPMG LLP as the company s independent registered public accounting firm for 2010 (Proposal 4) requires that there be more votes cast for the Proposal than against the Proposal.

Broker non-votes and proxies marked to abstain or withhold from voting with respect to any item to be voted upon at the Annual Meeting generally are not considered for purposes of determining the tally of votes cast for or against such item and, therefore, will not affect the outcome of the voting with regard to any Proposal, except that proxies marked to withhold authority for the election of any Director (sometimes referred to as Director or director) are included in the tally of votes cast for purposes of our majority voting policy. Accordingly, a vote to withhold authority for the election of any Director has the same effect as a negative vote under our majority voting policy. Also, because the applicable voting requirement for Proposal 3 is stated with reference to the issued and outstanding shares of Common Stock, both broker non-votes and abstentions have the same effect as a negative vote for purposes of Proposal 3.

Board Recommendation FOR Proposals 1, 2, 3 and 4

The Board of Directors recommends a vote For Proposals No. 1, 2, 3 and 4. The Board does not know of any matters to be presented for consideration at the meeting other than the matters described in those Proposals and the Notice of Annual Meeting of Shareholders. However, if other matters are presented, the persons named in the proxy intend to vote on such matters in accordance with their judgment.

Policy Regarding Director Elections Where a Majority Vote Is Not Received

Since 2006 the Board has maintained a policy (described in its Governance Principles) that addresses certain circumstances when a Director nominee has not received a majority of the votes cast with respect to that director. Briefly, in an uncontested election for Directors (one in which the number of nominees does not exceed the number of Directors to be elected) at a properly called and held meeting of shareholders, any Director nominee who is elected by a plurality vote, but does not receive a majority of the votes cast for that nominee shall promptly tender his or her resignation once the shareholder vote has been certified by the company s tabulation agent. A majority of the votes cast means that the number of shares voted for a Director s election exceeds fifty percent (50%) of the number of votes cast with respect to that Director s election. Votes cast include votes to withhold authority and exclude abstentions and broker non-votes with respect to that Director s election. The Corporate Governance Committee will thereafter recommend to the Board whether to accept or reject that resignation and, depending on the recommendation, whether or not a resulting vacancy should be filled. The Board will then act, taking into account the Committee s recommendation. The Board will publicly disclose its decision and the rationale therefor in a press release to be disseminated in the customary manner, together with the filing of an SEC Form 8-K report. This process shall be completed within ninety (90) days after the shareholder vote certification. A Director who has

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tendered his or her resignation shall not participate in the Corporate Governance Committee s determination process and/or the Board s action regarding the matter.

The Corporate Governance Committee and the Board will consider the matter in light of the best interests of the company and its shareholders and may consider any information that they consider relevant and appropriate, including the:

Director s qualifications in light of the overall composition of the Board;
Director s past and anticipated future contributions to the Board;
stated reasons, if any, for the withheld votes and if the underlying cause can be otherwise addressed; and
potential adverse consequences of accepting the resignation, including failure to comply with any applicable rule or regulation (including Nasdaq rules or federal securities laws) or triggering defaults or other adverse consequences under material contracts or the acceleration of change in control provisions and other rights in employment agreements, if applicable.

If the Board accepts the resignation, it may, in its sole discretion, (a) fill the resulting vacancy with any other person, or (b) reduce the number of Directors of the Board to equal the number of remaining Directors. If the Board elects to fill the resulting vacancy on the Board, the term of the Director so elected shall expire at the next annual meeting of shareholders at which Directors are to be elected.

If the Board does not accept the resignation, that Director will continue to serve until the annual meeting for the year in which such Director s term expires and until such Director s successor shall be duly elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

ELECTION OF ONE CLASS 3 DIRECTOR FOR A TERM OF ONE YEAR AND THREE CLASS 2 DIRECTORS FOR THREE-YEAR TERMS (Proposal No. 1)

The Board of Directors Recommends a Vote For All Nominees

In accordance with the company s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws (the Bylaws), each director holds office until the annual meeting for the year in which such director s term expires and until his or her successor shall be elected and shall qualify, unless he or she dies, resigns, retires, or is removed from office. The initial term for Mr. George E. Minnich, who was elected in June 2009 as a Class 3 Director will expire at the 2010 Annual Meeting. In order to assure that each Class of Directors is as nearly equal in number as possible, Mr. Minnich has been nominated for election at the 2010 Annual Meeting for a one-year term that will expire at the Annual Meeting in 2011, which will be coincident with expiration of the terms of the other Class 3 Directors (Brian E. Barents, Edwin A. Huston and Thomas W. Rabaut). In addition, three individuals are nominated for election at the 2010 Annual Meeting for three-year terms that will expire at the Annual Meeting in 2013. This group includes: Neal J. Keating, Eileen S. Kraus and Richard J. Swift. All nominees are current Board members. Under Connecticut law, Directors are elected by a plurality of the votes cast. Broker non-votes will not be treated as votes cast and, therefore, will not affect the outcome of the election. Proxies may be voted only for the number of nominees named by the Board of Directors.

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Following is information about each director nominee and the six directors whose terms continue after the Annual Meeting, including name, age, and business experience during the last five years. None of the organizations listed as business affiliates of the directors is an affiliate of the company.

Nominees for Election at the 2010 Annual Meeting

Class 3 Director for a Term Expiring in 2011

George E. Minnich
Mr. Minnich, 60, was appointed a Director in June 2009. He served as Senior Vice President and Chief Financial Officer of ITT Corporation, then a $9 billion commercial and defense business, from 2005 until his retirement in 2007. Prior to that, he served in several senior finance positions at United Technologies Corporation, including Vice President and Chief Financial Officer of Otis Elevator Company from 2001 to 2005 and Vice President and Chief Financial Officer of Carrier Corporation from 1996 to 2001. He also held various positions with Pricewaterhouse Coopers (then Price Waterhouse) from 1971 to 1993, serving as an Audit Partner from 1984 to 1993. He is a director of AGCO Corporation.

Class 2 Directors For a Term Expiring in 2013

Neal J. Keating
Mr. Keating, 54, was elected President and Chief Operating Officer as well as a Director of the company in September 2007. In January 2008, he became President and Chief Executive Officer and in March 2008 he was appointed to the additional position of Chairman. Prior to joining the company, Mr. Keating served as Chief Operating Officer at Hughes Supply, a $5.4 billion wholesale 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.

Eileen S. Kraus
Ms. Kraus, 71, has been a Director since 1995 and currently serves as the Board s Lead Director. She is the retired Chairman of Fleet Bank Connecticut and is a director of The Stanley Works and Rogers Corporation.

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Richard J. Swift
Mr. Swift, 65, has been a Director since 2002. He is former Chairman of the Financial Accounting Standards Advisory Council and retired Chairman, President and Chief Executive Officer of Foster Wheeler Ltd., a provider of design, engineering, construction, and other services. He is a director of Ingersoll-Rand Company, Ltd., Public Service Enterprise Group Incorporated, Hubbell Incorporated and CVS Caremark Corporation.

Continuing Directors

Class 3 Directors Whose Term Expires in 2011

Brian E. Barents
Mr. Barents, 66, has been a Director since 1996. He is the retired President and Chief Executive Officer of Galaxy Aerospace Corp. Prior to that, he was President and Chief Executive Officer of Learjet, Inc. He is also a director of CAE, Inc., and during the past five years was a director at Hawker Beechcraft, Nordam Corp. and Aerion Corp.

Edwin A. Huston
Mr. Huston, 71, has been a Director since 2002. He is the retired Vice Chairman of Ryder System, Incorporated, an international logistics and transportation solutions company. He is a director of The Hackett Group (formerly Answerthink, Inc.) and Tennenbaum Opportunity Fund, and during the past five years was also a director at Enterasys Networks, Inc., and Unisys Corporation.

Thomas W. Rabaut
Mr. Rabaut, 61, has been a Director since 2008. Mr. Rabaut has served as a Senior Advisor to The Carlyle Group, a global private equity firm, since January 2007. From June 2005 to January 2007, he was President of the Land & Armaments Operating Group of BAE Systems, a global leader in the design, development and production of military systems. From January 1994 to June 2005, he served as President and Chief Executive Officer of United Defense Industries, Inc., which was acquired by BAE Systems in 2005. He is a director of Cytec Industries, Inc.

Class 1 Directors Whose Term Expires in 2012

E. Reeves Callaway III
Mr. Callaway, 62, has been a Director since 1995. He is the Founder and President and Chief Executive Officer of The Callaway Companies, an engineering services firm.

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Karen M. Garrison
Ms. Garrison, 61, has been a Director since 2006. She retired as President Pitney Bowes Business Services, a major manufacturer of postal equipment/software and service provider, in 2004. She is a director of Standard Parking Corporation and Tenet Healthcare and during the past five years was a director at Greenpoint Financial (which was acquired by North Fork Bank) and North Fork Bank.

A. William Higgins
Mr. Higgins, 51, was elected as a Director at the April 2009 Annual Meeting. He is Chairman, CEO and President of CIRCOR International, Inc., a global diversified manufacturing company that designs, manufactures, and supplies valves, related products and services to OEMs, processors, manufacturers, the military, and utilities that rely on fluid-control to accomplish their missions. Prior to March 2008, he held the offices of President and Chief Operating Officer and Executive Vice President and Chief Operating Officer of CIRCOR. Prior to joining CIRCOR in 2005, Mr. Higgins spent thirteen years in a variety of senior management positions with Honeywell International and AlliedSignal.

CORPORATE GOVERNANCE

Board Independence

The company s Governance Principles contemplate that a significant majority of the Board should consist of independent Directors and that a director will generally be considered independent if he or she is not a current employee, does not receive remuneration from the company other than by virtue of his or her service as a Director, and does not have a business relationship with the company. In all cases, the Board also follows legal and regulatory requirements for the definition of independence relative to Board Committee service. The Board has determined that all of the current directors are independent under this definition, with the exception of Mr. Keating, the company s Chairman, President and Chief Executive Officer. None of the other directors are current or former employees of the company. The company s Governance Principles can be accessed on the company s web site at www.kaman.com by clicking on Corporate Governance . In addition, all of the current directors other than Mr. Keating are considered independent under Nasdaq rules. There were no transactions, relationships or arrangements not disclosed in this proxy statement under the caption Transactions with Related Persons that were considered by the Board in determining the independence of any of its members.

Board Leadership Structure

In February 2010, the Board evaluated and reconfirmed its view regarding the Board s leadership structure, which is that the decision to combine or separate the Chairman and Chief Executive Officer (CEO) roles is determined on the basis of what seems best for the Company at any given point in time. This policy is found in section 4 of the Company s Governance Principles. The Company s current leadership structure combines the roles of Chairman of the Board and Chief Executive Officer and provides for an independent Lead Director. The Lead Director position has existed since 2004 and its responsibilities currently include membership on the Corporate Governance Committee; Chair of the Board s Executive Sessions and of Board meetings at which the Chairman is not in attendance; review and approval of all Board and committee meeting agendas; liaison between the Chairman and the independent Directors, which shall include facilitating communications and assisting in the resolution of conflicts, if any, between the independent Directors and the Company s management; providing counsel to the Chairman and Chief Executive

Officer, including provision of appropriate feedback regarding effectiveness of Board meetings, and otherwise as needed or requested; and such other responsibilities as the Board may delegate from time to time. In performing these responsibilities, the Lead Director is expected to consult with the chairpersons of other Board Committees as appropriate and

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solicit their participation in order to avoid the appearance of diluting the authority or responsibility of the Board Committees and their chairpersons. The Board elects its Lead Director annually and Eileen S. Kraus currently serves in that role.

The Board last considered whether or not to separate the Chairman and CEO roles in 2008 when the Company s previous Chairman retired following a planned CEO succession to Mr. Keating in January of that year. In developing its recommendation to the Board, the Corporate Governance Committee considered Mr. Keating s leadership at the Company since his appointment as President and Chief Operating Officer in September 2007, his previous senior management experience at Hughes Supply, GKN Aerospace and Rockwell Collins, Commercial Systems, board experience at GKN, plc, and the structure of the Company s Board, which consisted entirely of independent directors (other than the Chairman) having diverse professional and board experience with the long established Lead Director role. The Corporate Governance Committee and the Board believed then and continue to believe, that the combined role of CEO and Chairman along with an independent Lead Director provide the Company s shareholders with the benefits of Board leadership by an executive with extensive day-to-day knowledge of the Company s operations, strategic plan execution, and future needs with that of an independent director who provides board member leadership.

The Board and Its Committees

The Board met six times in 2009. The Board maintains the following standing committees: Corporate Governance, Audit, Personnel & Compensation, and Finance, whose responsibilities are described below. In 2009, the Finance Committee held eight meetings and each of the Audit Committee, Corporate Governance Committee and Personnel & Compensation Committee held six meetings. The Corporate Secretary prepares a draft agenda for each committee meeting based upon each committee s regular business and any current business; each committee chair reviews, revises, and approves the agenda. The Board s Lead Director also reviews and approves all Board and Committee agendas.

Each member of the Board attended more than 90% of Board meetings and meetings of the Committees of which they are members. All but one of the then current Directors were able to attend the 2009 Annual Meeting of Shareholders. All Directors are strongly encouraged to attend the 2010 Annual Meeting.

The company s Board size has been set at ten for 2010, with four directors to be elected at the April 21, 2010 Annual Meeting. The company s Amended and Restated Certificate of Incorporation provides that the Board will consist of at least three and not more than fifteen directors and while the Board is permitted to increase its size during the year, any director so elected may only serve until the Annual Meeting immediately following his/her election. This is the case with Mr. Minnich who was appointed a Director at the June 2009 meeting and whose initial term will end coincident with the 2010 Annual Meeting of Shareholders. The company s Governance Principles indicate that a Board size of nine to eleven individuals continues to be considered appropriate.

The company s Bylaws provide for mandatory Director retirement at age 72 (age 75 for Directors serving as of November 14, 2000). The Board s policy in implementing this requirement is that if a Director attains mandatory retirement age during his or her then current term, the Director may continue to serve the remaining portion of that term. In addition, the Board is permitted to make an exception to this requirement, but it intends to exercise this right only under extraordinary circumstances.

In addition, the company s Governance Principles require Directors who change their principal occupation, position, or responsibility held at the time of election to submit a letter of resignation to the Board and a judgment will be made in each case as to the appropriateness of continued membership under the circumstances.

Specific Experience, Qualifications, Attributes and Skills of Current Board Members and Director Nominees

During the past seven years, the Corporate Governance Committee has conducted a number of director searches utilizing third party search firms; six of the current ten directors were identified in this manner. Specifically, Messrs. Higgins and Minnich joined the Board in 2009; Mr. Rabaut in 2008; Ms. Garrison in 2006; and Messrs. Huston and Swift in 2002. In addition, Mr. Keating was appointed to the Board in 2007 at the time he joined the Company as President. Ms. Kraus and Messrs. Callaway and Barents have served on the Board since the mid-nineties.

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The Corporate Governance Committee is responsible for reviewing with the Board, on a periodic basis, the appropriate characteristics required of Board members in the context of the Board s current composition. This includes review of the suitability for continued service of each Board member when his or her term expires and when he or she has a significant change in status. Overall, the assessment includes areas such as senior leadership positions; professional experience in areas relevant to the Company s businesses, including aerospace, industrial distribution, international, government, regulatory, mergers and acquisitions, financial, accounting, human resources or information technology systems experience; other public company board service; diversity, age and evidence of the intangible characteristics that are vital to the successful operation of any Board. Diversity in this context has traditionally referred to encouragement of the identification of candidates from so-called minority categories, including women and individuals of varied national origin. Consideration of diversity has been an element communicated to the third-party search firms in each of the director searches in the past several years.

The Board believes that intangible characteristics include a demonstrated understanding of a director s policy making role while constructively challenging management to seek and attain competitive targets and increase shareholder value; a demonstrated understanding of the company s values and strategic plan; capacity for critical thought; maintenance of objectivity in not being unreasonably influenced by personal experience or other Board members in situation analysis; and the independence required for participation on the Board and its committees. In addition, Board members are evaluated with respect to their active contributions, including regular attendance and preparation for/participation at meetings while maintaining an ongoing understanding of the issues and trends affecting the Company.

In addition to these intangible characteristics, specific experience, qualifications, attributes and skills that the Board believes qualify each current director for his or her position on the Board are summarized below. This description is not intended as an exclusive description of the types of expertise or contributions provided by each Director.

Brian E. Barents Mr. Barents has an extensive history of senior executive leadership and board participation in the aerospace industry, including as Chief Executive Officer of both Galaxy Aerospace Corp. and Learjet, Inc. and board memberships during the past five years at CAE, Inc., Hawker Beechcraft, Nordam Corp. and Aerion Corp. His professional background provides the Board with additional perspectives about the aerospace industry from both commercial and defense-related standpoints as well as regarding marketing and sales trends, and international markets.

E. Reeves Callaway III Mr. Callaway is the Founder and Chief Executive of his own engineering services firm which is involved in the high technology composites industry and has presence in Europe and the U.S.. With this background, Mr. Callaway provides the Board with senior executive insight into the conduct of global operations, the composites business, and marketing and sales trends.

Karen M. Garrison Ms. Garrison brings to the Board extensive experience in finance and accounting, from her Bachelor of Science degree in Accounting (Rollins College) and Master of Business Administration (Florida Institute of Technology) to progressively senior roles as Controller, Worldwide Controller, Vice President Finance and Chief Financial Officer over a ten-year period during her tenure at Pitney Bowes and its subsidiary, Dictaphone Corporation. This experience was important to the Board in connection with her initial election as a means to provide additional depth of capability to the Finance and/or Audit Committees. In fact, during her previous tenure on the Board s Audit Committee, Ms. Garrison was designated an audit committee financial expert as defined by SEC regulations. Ms. Garrison also has senior executive leadership and board experience, including as President of Pitney Bowes Business Services and board membership during the past five years at Greenpoint Financial (which was acquired by North Fork Bank), North Fork Bank, Standard Parking and Tenet Healthcare. Ms. Garrison s experience provides operational insight, particularly from acquisition, human resources, information technology, government contracting and distribution perspectives.

A. William Higgins Mr. Higgins professional background, including his current role as Chairman, CEO and President of CIRCOR International, provides the Board with additional perspective on international operations, the defense industry, acquisitions, and both distribution and aerospace markets. In addition to his service at CIRCOR, a global diversified manufacturer and supplier of products for commercial, military and

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public utility customers, Mr. Higgins had many years of increasingly senior roles at Honeywell International and Allied Signal which has provided him with a strong background in the aerospace industry. The fact that Mr. Higgins is a sitting CEO also provides the Board with important insights regarding the perspective of an executive leading another company of roughly similar size in the current global economic environment.

Edwin A. Huston Mr. Huston provides the Board with in-depth finance experience from his Master of Business Administration Finance (Harvard) to progressively senior roles at Ryder System, Inc., an international logistics and transportation services provider, over a thirty-year period. His roles at Ryder have included: Director of Financial Analysis, Assistant Treasurer, Vice President Finance and Controller (of a company division), Senior Vice President of Finance and Executive Vice President and Chief Financial Officer, Senior Executive Vice President Finance and Chief Financial Officer and Vice Chairman. Mr. Huston is a Past Chairman of the Federal Reserve Bank of Atlanta, having served on that board from 1988 to 1993. This experience was important to the Board in connection with his initial election as a means to provide additional depth of capability to the Audit Committee. Mr. Huston has served as the Board s Audit Committee chairman since 2006 and is designated an audit committee financial expert as defined by SEC regulations. Mr. Huston has also served on the boards and audit committees of several other companies during the past five years, including Unisys Corporation, Hackett Group, Enterasys Networks, Inc. and the Tennenbaum Opportunity Fund. Mr. Huston s senior-level operational background at Ryder System also provides the Board with additional perspective on strategic planning, information technologies and elements of the distribution industry.

Neal J. Keating Mr. Keating has an extensive history of senior executive leadership and board participation in both of the Company s business segments (Aerospace and Industrial Distribution) with emphasis on international operations and acquisitions experience. His roles have included Chief Operating Officer at Hughes Supply (wholesale distributor purchased by Home Depot), Managing Director/Chief Executive Officer of GKN Aerospace, Executive Vice President and Chief Operating Officer at Rockwell Collins, Commercial Systems (commercial aerospace) and a director on the main board of GKN plc and Agusta Westland. The Board believes that Mr. Keating s combined role of CEO and Chairman provides the Company s shareholders with the benefits of Board leadership by an executive with extensive professional background as well as day-to-day knowledge of the Company s businesses and markets, strategic plan execution, and future needs.

Eileen S. Kraus Mrs. Kraus provides the Board with broad financial and operational management experience in the banking industry, having served in several positions at Fleet Bank, N.A. and its predecessors over approximately a twenty-year period, the last position being Chairman of Fleet Bank Connecticut, from which she is now retired. Her industry experience provides the Board with additional perspective on the banking and financial industries, and marketing and acquisitions. She also has significant board organizational leadership experience with manufacturing companies, including membership on the Corporate Governance Committee of the boards of The Stanley Works and Rogers Corporation; at Rogers Corporation she is Chairman of that committee. She is also chairman of The Stanley Works board audit committee.

George E. Minnich Mr. Minnich provides the Board with extensive financial and accounting experience gained over a more than thirty-five year career, including some twenty years as a Certified Public Accountant with Price Waterhouse in increasingly senior positions culminating in Audit Partner; twelve years in roles from Vice President and Controller of United Technologies Corporation to Vice President and Chief Financial Officer of that corporation s Carrier and Otis Elevator divisions; and subsequently as Senior Vice President and Chief Financial Officer at ITT Corporation. Mr. Minnich also possesses a Bachelor of Science degree in Accounting (Albright College). This experience was important to the Board in connection with his initial election as a means to provide additional depth of capability to the Finance and/or Audit Committees. In fact, as a current member of the Audit Committee, he is designated an audit committee financial expert as defined by SEC regulations. Mr. Minnich has also served on the boards and audit committees of other organizations during the past five years, including AGCO Corporation, a manufacturer and distributor of agricultural equipment and Guilford Mills, Inc., a privately-owned supplier of fabric to the auto industry. Mr. Minnich s senior-level operational background also provides the Board with additional perspectives regarding the aerospace industry, defense contracting, international sales and acquisitions.

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Thomas W. Rabaut Mr. Rabaut has an extensive history of senior executive leadership in the defense industry, including as President and Chief Executive Officer of United Defense Industries, Inc. (subsequently acquired by BAE Systems), President of the Land & Armament operating group of BAE Systems and currently a senior advisor role with the Carlyle Group (a private equity firm) focusing on defense, aerospace and general industry. At Carlyle, Mr. Rabaut also serves in the chairman role at ARINC, a Carlyle portfolio company that provides communication and information technology products and services to government and industry. Early in his career, Mr. Rabaut was also associated with FMC Corporation, a predecessor of United Defense Industries, for about seventeen years in a variety of increasingly senior operations roles. Mr. Rabaut is also a director of Cytec Industries, a premier supplier of advanced composite products. His professional and board experience provide the Board with additional perspectives about the aerospace industry, defense markets, international markets, acquisitions from both commercial and defense-related standpoints as well as market and sales trends.

Richard J. Swift Mr. Swift brings to the Board broad operations management experience in a career with Foster Wheeler, Ltd., a global provider of engineering, construction and other services, that spanned almost thirty years and involved increasingly senior executive leadership positions culminating in his role as Chairman and CEO for seven years. Mr. Swift also has finance experience with a Masters of Business Administration (Fairleigh Dickinson University) and service in the role of Chairman of the Financial Accounting Standards Advisory Council for about five years. He is also a Licensed Professional Engineer. In addition, he has board and audit committee membership experience with international and defense-related companies, including Ingersoll-Rand Company, Ltd, Public Service Enterprise Group Incorporated, Hubbell Incorporated, and CVS Caremark Corporation. This experience was important to the Board in connection with his initial election as a means to provide additional depth of capability to the Audit Committee. Mr. Swift s background also provides the Board with additional perspective on international operations, acquisitions, and finance-related matters.

At this time, the Board believes that each of these directors possesses the experience, qualifications, attributes and skills as well as the intangible characteristics described above, which, taken together, qualify them for their positions on the Board.

Committee Responsibilities

Corporate Governance Committee

The Corporate Governance Committee is composed of the chairpersons of the standing committees and the Lead Director, if the Lead Director is not already a Committee chairperson. The current members of the Committee are:

Eileen S. Kraus, Chair and Lead Director
Karen M. Garrison (Chair of the Finance Committee)
Edwin A. Huston (Chair of the Audit Committee)
Richard J. Swift (Chair of the Personnel & Compensation Committee)

The Corporate Governance Committee charter requires that each Committee member satisfy the independence requirements of Nasdaq rules, as such requirements may be amended from time to time and further, that each member be free from any relationship which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment. All members of the Corporate Governance Committee meet these requirements. The Corporate Governance Committee s charter can be accessed on the company s web site at www.kaman.com by first clicking on Corporate Governance, then Board Committee Charters and Corporate Governance Committee.

The Committee assists the Board in fulfilling responsibilities related to corporate governance and also constitutes the board s nominating committee. The Committee s responsibilities include: board and committee organization, membership, compensation, function and performance; establishment of annual performance goals for the Chief Executive Officer and evaluation of his performance against those goals, with the evaluation being then reviewed first with the Personnel & Compensation Committee and then with the Board in executive session; succession planning for executive management; development and periodic review of governance policies and principles for the company; ongoing development and evaluation of the policies, practices, and functioning of the Board and its fulfillment of legal responsibilities in a manner that effectively

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serves the interests of the company s shareholders; monitoring director compliance with stock ownership guidelines; consideration and recommendation of shareholder proposals; establishment of selection criteria for, and review and recommendation of, new Board members; administration of the Company s policy regarding director elections as described at page 2 of this proxy statement; assuring that each standing Committee annually evaluates its own performance; recommendation of guidelines and procedures to be used by Directors and the Committee in evaluating Board performance and managing the annual performance evaluation process; recommendation of director compensation; recommendation of candidates for successor to the Chief Executive Officer; and assuring that management has established and maintains a process for filling senior executive positions other than the Chief Executive Officer.

The Committee s charter reflects these responsibilities, and the Committee and the Board periodically, but not less than annually, review and revise the charter, as appropriate.

Director Nominees

The Corporate Governance Committee is responsible for reviewing with the Board, on a periodic basis, the appropriate skills and characteristics required of Board members as described in the Specific Experience, Qualifications, Attributes and Skills of Current Board Members and Director Nominees section of this proxy statement at page 7. The Board is responsible for selecting its own members and in recommending them for election by the shareholders. The Board delegates the screening process involved to the Corporate Governance Committee, which consults with the Chairman and Chief Executive Officer and a third-party consultant, after which it provides recommendations to the Board. While the Corporate Governance Committee does not have specific minimum qualifications for potential directors, its policy is that all candidates, including those recommended by shareholders, will be evaluated on the same basis. A search was conducted in 2009 utilizing a nationally recognized third-party consultant to assist in identifying potential candidates. In general, the consultant is provided with the Committee s assessment of the skill sets and experience required in the context of current Board composition and will identify potential candidates for introduction to the Committee; thereafter, consideration of any such individuals is the responsibility of the Committee in consultation with the Chief Executive Officer. The 2009 search resulted in the Committee s recommendation of Mr. Minnich for election to the Board in June 2009. The fee for this search was $80,000 plus out of pocket expenses.

Under the company s Bylaws, only individuals nominated in accordance with certain procedures are eligible for election as directors of the company (except for the rights of preferred stock holders, of which there are none). Generally, nominations are made by the Board of Directors or any shareholder (i) who is a stockholder of record on the date of the giving of written notice and on the record date for the determination of stockholders entitled to notice of and to vote at a meeting where directors are to be elected, and (ii) who provides advance written notice, all of the foregoing in accordance with the Bylaws. A shareholder s written notice of a proposed nomination must describe (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the person, if any, and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934 (Exchange Act), and its rules and regulations. The shareholder making the proposal must also provide (i) its name and record address, (ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the shareholder, (iii) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder, (iv) a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and its rules and regulations. The written notice must be accompanied by a written consent of each proposed nominee to being named or referred to as a nominee and to serve as a director if elected. The Board may require any proposed nominee to furnish such other information (which may include meetings to discuss the furnished information) as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director.

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Audit Committee

The current members of the Audit Committee are:

Edwin A. Huston, Chair
Brian E. Barents
Eileen S. Kraus
George E. Minnich

The Audit Committee s charter requires that each Committee member: (a) satisfy the independence requirements of Nasdaq rules, the Exchange Act, and the applicable rules and regulations of the SEC, as such requirements, rules and regulations may be amended from time to time; and (b) be free from any relationship which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out his or her responsibilities as a director and as a member of the Committee. All members of the Audit Committee meet these requirements. In addition, if a Committee member simultaneously serves on the audit committees of more than three companies whose stock is publicly traded (including this Committee), the Board must determine that such service would not impair such member s ability to serve effectively on this Committee; no such determination is currently required. The Audit Committee s charter can be accessed on the company s web site at www.kaman.com by first clicking on Corporate Governance, then Board Committee Charters and Audit Committee. The company s Board of Directors has determined that Edwin A. Huston and George E. Minnich are audit committee financial experts within the meaning of Item 407(d)(5) of Regulation S-K and that each member of the Audit Committee is independent as that term is defined in Nasdaq rules.

The Committee is responsible for assisting the Board in fulfilling the Board s responsibility to oversee the company s financial reporting and accounting policies and procedures, internal controls over financial reporting, and the annual independent audit of the company s financial statements. Its responsibilities include selection, evaluation, determination of compensation, and, where appropriate, replacement of the company s independent registered public accounting firm, which firm reports directly to the Committee; review and consultation with the independent auditor, internal audit director, and management concerning annual and quarterly financial results and in the case of annual financial results, a determination whether to recommend to the Board that the audited financial statements for the preceding fiscal year be included in the company s Annual Report on Form 10-K; annual evaluation of the qualifications, performance, effectiveness and independence of the company s independent auditor and internal audit director; monitoring the company s business risk assessment framework and principal business risks with management, the independent auditor and the internal audit director (however, this Committee is not the only board committee that reviews such business risks), and pre-approving all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed by its independent auditor (which approval authority has been delegated to the Committee s chairman for certain immaterial items subject to ratification at the Committee s next meeting).

The Committee has also established a policy for the company s hiring of current or former employees of the independent auditor to ensure that the auditor s independence under applicable SEC rules and accounting standards is not impaired. The Committee reviews disclosures, if any, made to the Committee by the company s Chief Executive Officer and Chief Financial Officer during their certification process for the company s periodic reports under the Exchange Act regarding: (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the company 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 company s internal controls over financial reporting. The Committee has also established, and monitors management s operation of, and procedures for: the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, auditing, or other matters; as well as the confidential, anonymous submission by the company s employees of concerns regarding questionable accounting, auditing, or other matters. The Committee meets regularly in executive session with the chief internal audit director and the independent auditor without management present.

The Committee s charter reflects these responsibilities and the Committee and the Board periodically, but not less than annually, review and revise the charter, as appropriate. The Corporate Governance Committee of the Board recommends to the Board, and the Board determines, the Committee s membership.

Personnel & Compensation Committee

The current members of the Personnel & Compensation Committee are:

Richard J. Swift, Chair
Brian E. Barents
E. Reeves Callaway III
Thomas W. Rabaut

The Personnel & Compensation Committee s charter requires that each Committee member meet the definitions of a non-employee director within the meaning of Rule 16b-3 under the Exchange Act, and the definition of outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and otherwise meet all Nasdaq independence requirements. All members of the Personnel & Compensation Committee meet these requirements. The Personnel & Compensation Committee s charter can be accessed on the company s web site at www.kaman.com by first clicking on Corporate Governance , then Board Committee Charters and Personnel & Compensation Committee.

The Committee s role is to review and approve the terms of, as well as oversee, the company s executive compensation strategies (including the plans and policies to execute those strategies), administer its equity plans (including review and approval of equity grants to executive officers) and annually review and approve compensation decisions relating to executive officers, including those for the Chief Executive Officer (CEO) and the other executive officers named in the Summary Compensation Table (collectively, the Named Executive Officers) at page 35. This Committee considers the CEO s recommendations when determining the compensation of the other executive officers. The CEO has no role in determining his own compensation although as part of the annual CEO evaluation process, he prepares a self-assessment for review by the Corporate Governance Committee, which shares that evaluation with this Committee. This Committee then submits its determinations regarding proposed CEO compensation at an executive session of the Board for consideration and approval.

The Committee also monitors management s compliance with stock ownership guidelines adopted from time to time by the Board; reviews and approves employment, severance, change in control (change in control or Change in Control), and termination arrangements for all executive officers who are subject to Exchange Act Section 16 reporting obligations; periodically reviews the company s policies and procedures for management development; and prepares the Committee s report for inclusion in the Company s annual proxy statement which evidences review and approval of the Compensation Discussion & Analysis included herein and also reviews and approves such other reports to shareholders as may be required by SEC or Nasdaq rules and regulations.

During each of the last six years, the Committee has directly engaged Geoffrey A. Wiegman, founder and president of Wiegman Associates LLC, an independent compensation consulting firm, to assist the Committee in fulfilling its responsibilities (Mr. Wiegman is sometimes referred to in this proxy statement as the independent consultant). This independent consultant attends each Committee meeting, including executive sessions. Mr. Wiegman advises the Committee on marketplace trends in executive compensation, evaluates proposals for compensation programs and executive officer compensation decisions and has also provided services to the Corporate Governance Committee in connection with its evaluation of director compensation. He may interact with Company management in his capacity as an advisor to the Committee. He is retained directly by the Committee and his invoices are submitted to the

Committee chairman for approval and payment by the company. The Committee determines Mr. Wiegman s assignments and provides the instructions for completing those assignments. The independent consultant may time to time also provide services at the request of the Company s management that are not related to his work for the Committee, however any work for management must be approved by the Committee. The independent consultant did not perform any assignments for management during the 2009 fiscal year. He does not provide any services to the Board or the Company beyond those related to executive or director compensation.

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The Committee regularly meets in executive session with its independent consultant without any participation by management. The Committee s Chair regularly reports the Committee s recommendations on executive compensation to the Board of Directors. The Committee is supported in its work by the company s human resources, legal and financial management personnel and its charter provides for the retention of independent third-party consultants and experts. The Committee s charter reflects these responsibilities, and the Committee and the Board periodically, but not less than annually, review and revise the charter, as appropriate. The Corporate Governance Committee of the Board recommends to the Board, and the Board determines, the Committee s membership.

Compensation Committee Interlocks and Insider Participation

None of the members of the Committee was an officer or employee of the company or any of its subsidiaries during 2009. During 2009, no executive officer of the company served as a director of, or as a member of, the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as a member of the Board or on the Board s Personnel & Compensation Committee.

Finance Committee

The current members of the Finance Committee are:

Karen M. Garrison, Chair
E. Reeves Callaway III
A. William Higgins
George E. Minnich
Thomas W. Rabaut

The Finance Committee s charter requires that each of its members not be currently employed by the company and be free of any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment. All of the Finance Committee s members meet these requirements. The Committee s charter can be accessed on the company s web site at www.kaman.com by first clicking on Corporate Governance, then Board Committee Charters and Finance Committee.

The Committee assists the Board in fulfilling its responsibilities concerning matters of a material financial nature, including the Company s strategies, policies and financial condition as well as its insurance-related risk management programs, and to oversee the company s administration of its tax-qualified defined contribution and defined benefit plans. The Committee s responsibilities include review of the company s annual business plan from the perspective of profit/loss, funds flow, capital spending and financing requirements as well as long range planning strategies; periodic review of the company s risk management program from an insurance coverage perspective; regular meetings with management s Pension Administrative Committee to review the performance of the Kaman Corporation 401(k) Plan (formerly the Thrift and Retirement Plan) and the Kaman Corporation Employees Pension Plan; strategic and operational review of all forms of major debt issuances; review of the financial aspects of proposed acquisitions or divestitures that exceed transaction levels for which the Board has delegated authority to management, including consideration of any substantial diversification of the company s business and methods of financing; periodic advice and consultation with management regarding the company s relationship with its lenders, compliance with financing agreements, including debt covenants, and dividend planning, use of significant derivative instruments, any significant foreign currency positions, and stock repurchase programs.

The Committee s charter reflects these responsibilities, and the Committee and the Board periodically, but not less than annually, review and revise the charter, as appropriate. The Corporate Governance Committee of the Board recommends to the Board, and the Board determines, the Committee s membership.

The Board s Role in Oversight of the Company s Risk Management Process

The Board of Directors oversees the Company s processes to identify, report and address risks across the full spectrum of Company operations. To that end, each of the Board s Committees has been delegated responsibility for evaluating specific risk management processes and issues resulting therefrom. The Board receives regular reports from these Committees and, where appropriate, takes action related to the subject matter. The Board also conducts direct oversight of certain risk management processes.

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The following is a description of specific Board Committee risk management oversight activities, which is not intended to be exhaustive in nature. The Audit Committee has the Company s Internal Audit Department as a direct report to the Committee and the Committee regularly reviews with management the Company s financial reporting and accounting policies, internal controls over financial reporting, internal accounting controls, business risk assessment framework and principal business risks, and Code of Business Conduct compliance. The Finance Committee reviews the Company s short and long-term business plans, certain proposed acquisitions or divestitures (including consideration of any substantial diversification from current business operations), any significant debt/equity issuances, and risk management programs from an insurance coverage perspective. The company s Assistant Vice President Corporate Risk, Safety and Environmental Management also reports directly to the Committee on a periodic basis. The Personnel & Compensation Committee reviews and approves the Company s executive compensation strategies and programs related to annual, longer term and equity incentives and the business unit and corporate performance goals associated therewith, monitors management progress in compliance with stock ownership guidelines, considers and approves all employment-related agreements or termination arrangements with the Company s Exchange Act Section 16 executive officers and periodically reviews policies related to management development. The Corporate Governance Committee reviews the Company s succession plan for the CEO and other top senior management, assures annual evaluation of Board performance, establishes selection criteria for new directors, and manages the annual CEO evaluation process. The charters of each Committee are more fully described above beginning at page 10.

In addition to its consideration of matters brought to its attention by the Board s Committees, the Board conducts direct oversight of various business risk management functions. At each meeting, the entire Board receives senior management reports about current developments in Company operations as well as the identification of, and progress in addressing, the principal business risks reported upon to the Audit Committee. Beginning in February 2010, the Board also receives a direct report from management regarding its Enterprise Risk Management program for identification and development of mitigation activities relative to longer-term business risks; the Board will also receive periodic updates on this subject. In addition to the regular reports provided regarding current principal business risks, the Audit Committee will also periodically receive summary reports regarding the Enterprise Risk Management program. Annually, the Board reviews and approves the strategic plan objectives of the Company and its business segments with periodic reviews thereafter about progress to that plan and any changes that are being considered. The Board s oversight role in this area has not affected its approach to the Board s leadership structure at least in part due to the level of direct communication that the Board and its Committees experience with a variety of management employees that are involved in operations, finance, human resources, risk management and legal roles.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon information provided to the company by persons required to file reports under Section 16(a) of the Exchange Act, there were no Section 16(a) reporting delinquencies during 2009.

Code of Business Conduct

The company has for several years maintained a Code of Business Conduct applicable to all of its employees and the Board of Directors. This Code of Business Conduct is also applicable to the company s principal executive officer, principal financial officer, principal accounting officer, controller, and persons performing similar functions. The current Code of Business Conduct, which was last amended in October 2009, may be accessed on the company s web site at www.kaman.com by first clicking on Corporate Governance and then Kaman Code of Conduct .

Communications with the Board

Shareholders or others wishing to communicate with any member of the Board of Directors, a Board Committee, or the Lead Director may do so by mail, addressed to Kaman Corporation Corporate Headquarters, c/o Corporate Secretary, 1332 Blue Hills Ave., Bloomfield, Connecticut 06002 or by e-mail through the Kaman Corporation web site at www.kaman.com using the tab Contact Information and choosing the Corporate Secretary s Office link. The Corporate Secretary will compile all such communications and forward each item to the individual to whom it is directed or, if the communication is

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not directed to any particular Board member, to the entire Board. Items that the Corporate Secretary determines are frivolous, unlawful or that constitute commercial advertisements will not be included.

Director Education

The Board maintains a policy that Directors should be regularly exposed to discussion of current developments in their roles and responsibilities as directors and to information relevant to the market segments in which the company operates. During the past few years, the Board has received presentations from outside industry experts regarding developments and trends in certain market segments and participated in training sessions regarding the company s Code of Business Conduct. Most Directors participated in these sessions. Directors are also encouraged to attend seminars that are relevant to their responsibilities as directors, for which they are reimbursed.

The Board and the company have an orientation process for new Directors that includes background material, meetings with senior management and visits to company facilities.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Stock Ownership Of Directors and Executive Officers

The following is information concerning beneficial ownership of the company s Common Stock by each Director and Director nominee of the company, each executive officer of the company named in the Summary Compensation Table, and all Directors and executive officers of the company as a group, as of February 1, 2010. Ownership is direct unless otherwise noted.

Name	Number of Shares Beneficially Owned as of February 1, 2010		Percentage
Brian E. Barents	13,500		*
E. Reeves Callaway III	8,500		*
Candace A. Clark	66,110	(1)	*
William C. Denninger	11,993	(2)	*
Ronald M. Galla	50,806	(3)	*
Karen M. Garrison	8,000		*
A. William Higgins	2,000		*
Edwin A. Huston	11,500		*
Neal J. Keating	127,334	(4)	*
Eileen S. Kraus	16,105		*
George E. Minnich	2,000		*
Thomas W. Rabaut	8,400		*
Gregory L. Steiner	21,292	(5)	*
Richard J. Swift	9,000		*
All Directors and Executive Officers as a group	418,016	(6)	1.62 %

* Less than one percent.

(1) Includes 34,000 shares subject to stock options exercisable or which will become exercisable within 60 days.
(2) Includes 2,000 shares subject to stock options exercisable or which will become exercisable within 60 days.
(3) Includes 40,027 shares held jointly with spouse. Includes 10,779 shares subject to stock options exercisable or which will become exercisable within 60 days.
(4) Includes 14,000 shares held in a trust of which Mr. Keating and his spouse are trustees.
(5) Includes 8,005 shares subject to stock options exercisable or which will become exercisable within 60 days,
(6) Includes 71,603 shares subject to stock options exercisable or which will become exercisable within 60 days.

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Securities Authorized For Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2009 concerning Common Stock issuable under the company s equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and right (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
2003 Stock Incentive Plan*	889,876	$ 18.50	488,214
Employees Stock Purchase Plan			280,930
Equity compensation plans not approved by security holders			
2003 Stock Incentive Plan(1)			2,000,000
Employees Stock Purchase Plan(2)			500,000
Total	889,876	$ 18.50	3,269,144

* Includes securities to be issued upon exercise of outstanding options granted under a predecessor plan.

(1) Includes 2,000,000 additional shares authorized for issuance under the 2003 Stock Incentive Plan, as amended by the Board of Directors on October 13, 2009, subject to shareholder approval, see Proposal No. 2, Approval of the Company s 2003 Stock Incentive Plan , below.

(2) Includes 500,000 additional shares authorized for purchase by the company s employees under the Employees Stock Purchase Plan, as amended by the Board of Directors on October 13, 2009, subject to shareholder approval, see Proposal No. 3, Approval of the Company s Employees Stock Purchase Plan , below. Please also refer to Footnote 20 contained in the company s audited consolidated financial statements for the year ended December 31, 2009 in its Annual Report to the SEC on Form 10-K.

Beneficial Owners Of More Than 5% Of Common Stock

Following is information about persons known to the company to be beneficial owners of more than five percent (5%) of the company s voting securities. Except as otherwise indicated, all information is given as of February 1, 2010.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock
Gabelli Funds, LLC(1)	3,779,598	14.66

One Corporate Center Rye, NY 10580		
BlackRock, Inc. f/k/a Barclays Global Investors, N.A.(2) 40 East 52nd Street New York, NY 10022	2,207,993	8.57

(1) As reported on Amendment No. 14 to Schedule 13D filed with the SEC on April 6, 2009 and includes shares held by GAMCO Investors, Inc., MJG Associates, Inc., Gabelli Advisors, Inc., GGCP, Inc., and Gabelli Securities, Inc.

(2) As reported on a Schedule 13G filed with the SEC on January 20, 2010 and includes shares held by BlackRock, Inc, f/k/a Barclays Global Investors, N.A.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction. This discussion and analysis provides information about the elements of our executive compensation program for Named Executive Officers and describes the role, responsibilities and philosophy of our Board s Personnel & Compensation Committee (the Committee), which oversees the design and operation of the program. Our goal is to attract, retain and motivate talented individuals to achieve annual and longer-term financial goals for the Company that will drive increases in shareholder value. The key compensation program elements that have been used to accomplish this are base salary, annual cash incentives, long-term incentives, benefits (including certain perquisites) and retirement benefits.

Please note that the discussion that follows may contain statements regarding future individual or company performance targets and goals. These targets and goals are disclosed in the limited context of the company s executive compensation program and should not be understood to be statements of management expectations or estimates of results or other guidance. We specifically encourage investors not to apply these statements in other contexts.

Highlights. In light of the difficult economic conditions that affected both of the Company s business segments during 2009, the following actions were taken that impacted base salary levels for many employees:

2009 base salaries remained at the 2008 level for all Corporate officers, including Messrs. Keating, Denninger and Galla and Ms. Clark, and for Mr. Steiner, president of the Aerospace segment and Mr. Cahill, president of the Industrial Distribution segment;

Each Corporate officer took a one-week furlough during 2009 resulting in a reduction of 2009 base salary. Each Named Executive Officer also took one week furloughs. The effect upon annual base salary is reflected in the Summary Compensation Table at page 35 for all Named Executive Officers.

As with 2008, a majority of total direct compensation (excluding benefits) earned by the Named Executive Officers during 2009 was in the form of short-term (annual cash incentive award) and long-term performance-based cash award opportunities (LTIP Awards), which are directly linked to the Company s financial performance. In fact, 71% of Mr. Keating s total direct compensation opportunity in each of the past two years has been directly linked to the Company s financial performance. The Committee determines the threshold, target and maximum level of total direct compensation for all of our Named Executive Officers using a market report prepared by the Committee s independent consultant based upon nationally recognized surveys and a group of Russell 2000 companies of comparable revenues. This approach is intended to provide an opportunity for our Named Executive Officers to earn above average compensation (as measured by reference to Russell 2000 companies) only when the Company delivers above average financial results.

We link our annual cash incentive awards for Named Executive Officers who are Corporate level officers to the Company s financial performance measured by our return on investment and growth in earnings per share as compared to the Russell 2000 Index for the immediate prior five-year period as well as performance against projected earnings per share. For the Russell 2000 Index comparison period related to cash incentive determinations for 2009, our return on investment and growth in earnings per share performance compared favorably with the Russell 2000 Index, which contributed significantly to the determination of 2009 annual cash incentives for the corporate Named Executive Officers. Only up to 10% of annual cash incentive awards for corporate level executives may be paid based on individual performance. The annual cash incentive awards for our Named Executive Officers who lead our business segments are determined based upon their accomplishment of predetermined business segment financial goals, which are compared to average results for the prior three-year period and partially to performance relative to other factors approved by the Committee.

We provide long-term incentives to our Named Executive Officers primarily in the form of LTIP Awards. Payments under these awards are made to the extent that the Company achieves pre-established performance targets over a three-year period, and no payment for a performance period may exceed the lesser of 200% of target or $3 million. The Company s three year financial performance is measured by our average return on investment, compounded growth in earnings per share and total return to shareholders as compared to the Russell 2000 Index for the same three year period. If the executive has not met the Company s share ownership requirements, up to one-third of the payment would be made in the form of the Company s

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Common Stock. In cases where a Named Executive Officer has not yet concluded his first LTIP performance cycle, the Committee has granted restricted stock awards and stock options to that Named Executive Officer, where appropriate. For the 2007 2009 performance cycle, we expect that our return on investment and growth in earnings per share will also compare favorably with the Russell 2000 Index, which would contribute significantly to the determination of the LTIP payment for that performance cycle.

With the advice of its independent consultant, the Committee has taken steps over the years to avoid promoting inappropriate risk taking by our Named Executive Officers. As discussed below, we have share ownership requirements, place limits on cash based performance payments and use over lapping performance periods under the LTIP Awards. We do not regularly grant stock options to our Named Executive Officers and they do not have significant leverage through stock options awards they have received. Please also refer to management s discussion of its review of incentive programs applicable to executives who are not Named Executive Officers which is located under the caption Risk Assessment of Compensation Policies and Practices at page 52.

Oversight of the Executive Compensation Program

The Committee directs the design of, and oversees, our executive compensation program. A detailed discussion of the Committee s structure, roles and responsibilities and related matters and the role of the independent consultant can be found above under the caption Personnel & Compensation Committee on page 13.

Following is a discussion of our executive compensation program as it relates to the company s Named Executive Officers.

Executive Compensation Philosophy

We believe that it is important to maintain objective and measurable goals in the design and administration of our executive compensation program and that the performance-based elements of the program should reflect the degree to which such goals are achieved. Periodically the Committee reviews its approach in the context of the company s operations and strategic direction and has determined that it continues to be appropriate. We also believe that base salary, annual cash incentives, long-term incentives and benefits should reflect current market practices, both individually and in total, for companies of similar size. Offering competitive pay opportunities enables the company to maintain a stable and successful management team.

The performance-based elements of the program typically consist of annual cash incentive awards under the company s Cash Bonus Plan and awards under the company s Stock Incentive Plan (which includes the LTIP feature). These plans have been developed with the assistance and advice of our independent consultant to emphasize achievement of specific annual and long-term financial goals and strategies as a prerequisite for payouts under either plan, all in the context of the total executive compensation program. This focus on goal achievement is balanced by policies and plan features that emphasize the executive s alignment with the Company s shareholders. These include the existence of stock ownership guidelines, the LTIP feature of the Stock Incentive Plan that requires executives to receive at least one-third of an award payment in Company stock if stock ownership guidelines have not been met, and caps imposed upon total awards that can be earned under the Cash Bonus Plan and on cash-based LTIP Awards under the Stock Incentive Plan.

Compensation Policies

External Market Practices

The Committee does not use a peer group of companies to benchmark compensation. To date, the Committee has been unable to identify direct competitors that could be considered suitable peers either for the company as a whole or for its subsidiaries due to the ongoing diversity within business segments. Instead, the Committee uses a market report prepared biennially by the independent consultant (the most recent report being completed in 2009) that estimates the 25th percentile, 50th percentile and 75th percentile for base salary, annual cash incentive awards and the annualized cash value of long-term incentives based on information for manufacturing companies contained in nationally recognized compensation surveys published by Hewitt Associates and Towers Watson, two large independent consulting firms. *Exhibit 1* to this proxy statement identifies these surveys (which are not prepared at the Company s request), along with the number, type and size of the covered organizations. In all cases, the revenue size of organizations was adjusted by the independent consultant for each position to provide a more accurate view of the market data. This revenue-size adjustment was made utilizing a regression analysis applied to the scope of each position, generally based on revenue responsibility. In order to test the reliability of this information, the independent consultant evaluated the compensation levels of a sample of twenty-three (23) other Russell 2000 companies having annual revenues approximately those of the Company, which are also identified on *Exhibit 1* to this proxy statement. These are the same companies that the Company has sampled in prior years except for one company that was acquired during 2009. The independent consultant has advised the Committee that the data from this sample is consistent with the national compensation surveys when adjusted for company size. The Committee has taken into account these results in determining base salary, annual cash incentive targets and long-term incentives for the Named Executive Officers. The independent consultant presented his most recent report to the Committee in 2009. Set forth below is a comparison of the base and target incentive annual cash award opportunities for our Named Executive Officers for 2009 as compared to competitive market base salaries and target cash incentive award percentages for similar positions contained in the surveys and Russell 2000 sample described above.

Neal J. Keating	Base Salary	Target Annual Cash Incentive Award %
Market Median	$ 795,000	100 %
Kaman	$ 675,000	80 %

William C. Denninger	Base Salary	Target Annual Cash Incentive Award %
Market Median	$ 381,500	60 %
Kaman	$ 440,000	50 %

Gregory L. Steiner	Base Salary	Target Annual Cash Incentive Award %
Market Median	$ 429,600	60 %
Kaman	$ 335,000	50 %

Candace A. Clark	Base Salary	Target Annual Cash Incentive Award %
Market Median	$ 332,400	50 %
Kaman	$ 339,000	50 %

Ronald M. Galla	Base Salary	Target Annual Cash Incentive Award %
Market Median	$ 284,100	50 %
Kaman	$ 293,000	45 %

Market Positioning

The Committee s policy is that the base salary, annual cash incentive targets, the annualized value of long-term incentives and other benefits, perquisites and retirement programs should each, over time, approximate the market median. Annual cash incentive targets and annualized value of long-term incentives for each Named Executive Officer are currently at or below market medians. Currently, Mr. Keating and Mr. Steiner are positioned below the midpoint of their salary grades, Ms. Clark and Mr. Galla are at the midpoint, and Mr. Denninger is positioned above the midpoint, based on the most recent market report prepared by the independent consultant. The primary reasons for individual variation of salaries from the market median include length of time in the current position and individual performance. Mr. Denninger s 2009 base salary reflects his many years of experience as a chief financial officer in both the distribution and aerospace industries. Based on the manner in which the company manages base salaries, it is expected that actual and market salaries will converge over time. Since annual cash incentive targets, the annualized value

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of long-term incentive targets and retirement income formulas are applied to actual annual base salaries, total compensation levels may similarly differ from market median total compensation levels.

This policy results in a greater percentage of performance-based total direct compensation (excluding benefits) for the Named Executive Officers. The table below shows 2009 total performance-related percentages for the Named Executive Officers, which are essentially the same as for 2008 except for Messrs. Denninger and Steiner, whose first LTIP Awards were made effective January 1, 2009.

Allocation of 2009 Total Direct Compensation Package (Excluding Benefits)

	Fixed	Performance-Based*		
Name	Salary (% of Total)	Annual Cash Incentive (% of Total)	Long-Term Incentive (% of Total)	Total Performance Related (% of Total)
Neal J. Keating	29 %	24 %	47 %	71 %
William C. Denninger	41 %	20 %	39 %	59 %
Gregory L. Steiner	41 %	20 %	39 %	59 %
Candace A. Clark	41 %	20 %	39 %	59 %
Ronald M. Galla	43 %	19 %	38 %	57 %

* Percentages are based on target performance for the 2009 annual cash incentive and long-term incentive elements of compensation.

Allocation of 2008 Total Direct Compensation Package (Excluding Benefits)

	Fixed	Performance-Based*		
Name	Salary (% of Total)	Annual Cash Incentive (% of Total)	Long-Term Incentive (% of Total)	Total Performance Related (% of Total)
Neal J. Keating	29 %	24 %	47 %	71 %
William C. Denninger	67 %	33 %	0 %	33 %
Gregory L. Steiner	67 %	33 %	0 %	33 %
Candace A. Clark	41 %	20 %	39 %	59 %
Ronald M. Galla	43 %	19 %	38 %	57 %

* Percentages are based on target performance for the annual cash incentive and the long-term incentive elements of compensation.

Components of the Executive Compensation Program

The total compensation program for our Named Executive Officers has consisted of the following elements:

- Base Salaries;
- Annual Cash Incentive Awards;

Long-Term Incentives;
Retirement Benefits; and
Certain Other Benefits.

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Base Salaries

The company provides each Named Executive Officer with a base salary in order to attract and retain his or her services from year to year. Base salary is initially established based upon the individual s professional experience and knowledge of his or her area of management responsibility. The Committee annually reviews and determines base salaries of the CEO and other Named Executive Officers. Its determination regarding the CEO is subject to the Board s approval. Adjustments to base salary are determined as follows: An overall salary increase budget guideline is developed, based on market data and the use of nationally recognized surveys of anticipated salary increases published by Buck Consultants, Hewitt Associates, Mercer, a subsidiary of Marsh & McLennan Companies, CompData Surveys, and World at Work. Within the overall budget guideline, a narrow range of salary adjustment percentages are then established for each salary grade, with slightly higher percentages for individuals who are below the grade midpoint and slightly lower percentages for individuals who are above the grade midpoint. Salary adjustments, if any, are then determined within this narrow range based upon an annual performance rating given to the officer by his or her supervisor. The performance rating determination is primarily based upon the officer s level of substantive performance in executing each category of responsibilities as described in his or her position description.

The Committee s recommendation to the Board regarding the CEO s salary is made after consultation with the Corporate Governance Committee concerning its assessment of the CEO s performance for the year. The Corporate Governance Committee solicited input from all independent directors in connection with the 2009 performance assessment.

The salaries for all of the company s Named Executive Officers in 2009 are shown in the Summary Compensation Table that follows this Compensation Discussion and Analysis. Although the process outlined above was conducted, it was determined that given economic conditions at the time, there would be no increases in salary during 2009 for any Named Executive Officer.

Annual Cash Incentive Awards

Our annual cash incentive award plan (Cash Bonus Plan) is intended to reward employees for financial and operational performance that drives shareholder value and to focus our organization on meeting or exceeding designated individual goals. The plan provides employees, including our Named Executive Officers, the opportunity to earn cash awards for company and individual performance achieved during the fiscal year performance period. Amounts paid under our Cash Bonus Plan (other than due to individual performance goals or with respect to employees hired during the year) are intended to qualify as performance-based compensation under Section 162(m) of the Code. The plan components include:

- an award opportunity (expressed as a percentage of base salary);
- performance measures (such as growth in earnings per share);
- a weighting for each performance measure toward the executive s total award; and
- a performance goal for each performance measure (such as a particular earnings per share target).

Award Opportunities

With the assistance of its independent consultant, the Committee establishes the target award opportunity for each Named Executive Officer based principally upon market practice as demonstrated by the Hewitt, Towers Watson and Russell 2000 surveys previously described, and our desired emphasis on performance-based pay. Positioning award targets at the market median underscores the Committee s compensation strategy that annual cash incentive award levels should be at market median levels when performance meets targets approved by the Committee and the annual cash incentive award should only exceed median levels when performance exceeds the company s targeted objectives.

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The 2009 target performance award opportunity for each Named Executive Officer was as follows:

Named Executive Officer	2009 Award Opportunity Expressed as % of Base Salary
Neal J. Keating	80 %
William C. Denninger	50 %
Gregory L. Steiner	50 %
Candace A. Clark	50 %
Ronald M. Galla	45 %

Based upon the most recent market study results reported by our independent consultant, the Committee, at its February 22, 2010 meeting, approved the following changes to the target cash incentive award opportunities for the Named Executive Officers for 2010:

Named Executive Officer	2010 Award Opportunity Expressed as % of Base Salary
Neal J. Keating	100 %
William C. Denninger	60 %
Gregory L. Steiner	60 %
Candace A. Clark	50 %
Ronald M. Galla	50 %

Named Executive Officers at Corporate

Performance Measures

In accordance with the Cash Bonus Plan, actual cash incentive awards for Messrs. Keating, Denninger, and Galla and Ms. Clark are primarily determined by comparing the company s actual financial performance for the calendar year with performance of the Russell 2000 Index companies. There is also the potential to provide up to an additional 10% based upon the executive s achievement of individual performance goals for the year.

The Committee has concluded that investors seeking to invest in the company would compare its performance against other similarly sized companies as represented by the Russell 2000 Index and that the most likely measures affecting shareholder value over time are return on investment and growth in earnings per share. The Committee reviewed the continued appropriateness of this determination and reconfirmed its continued use for the year. Financial performance factors for 2009 consisted of actual return on investment and growth in earnings per share on a fully diluted basis compared to the Russell 2000 Index for the five-year period 2004 2008 and actual financial performance, as measured by the Company s earnings per share, compared to the company s 2009 business plan, with each factor given equal weight.

The company s actual return on investment and growth in earnings per share performance for the fiscal year covered by this proxy statement is compared to the companies comprising the Russell 2000 for the immediate prior five-year period. If the company s performance is at the median of the Russell 2000, the target cash incentive award will be earned. Company performance in the bottom quartile results in no cash incentive award payment; performance at the median results in a cash incentive award at 100% of target for the performance goal; and performance at the top of, or above, the top quartile results in a maximum cash incentive award payment at 200% of the target for the performance goal. Interpolation is used to determine payments for financial performance between the 25th percentile up to median, and above median up to the 75th percentile. This performance measurement methodology remains constant through the years although the performance of the Russell 2000 changes annually, thus increasing or decreasing the targets annually.

The company s annual business plan is developed jointly by business segment and corporate senior management, incorporating revenue, earnings and cash flow generation goals that take into account global economic circumstances, market conditions, and existing or targeted business opportunities. The business plan

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is reviewed and approved by both the Board s Finance Committee and the Board of Directors prior to the beginning of the year. The business plan performance goal is measured with reference to the extent to which the company s actual earnings per share performance calculated on a fully diluted basis exceeds the business plan projection for earnings per share for the year. If the company s actual earnings per share meets the business plan projection, the target award for this factor is earned. To the extent that actual earnings per share exceeds the business plan projection, a greater award is earned, up to a maximum of 200% of target.

2009 Company Annual Financial Performance

In early 2009, the Committee considered the impact that would be felt to the Company s 2009 financial performance due to the material increase in pension expense that followed the decline in pension assets during 2008 in conjunction with the precipitous decline in the economy that began in the last half of that year. In reviewing the matter, the Committee received information from its independent consultant about the circumstances of other Russell 2000 Index companies in this regard and was advised by the independent consultant that only about one-third of the Index companies maintained defined benefit pension plans at the time and that the comparison period is the prior 5-year period. As a result, the Committee determined at its meeting on February 22, 2009 that pension asset levels at December 31, 2008 and pension expense for 2008 would be utilized in the determination of 2009 Company financial performance for 2009 annual cash incentive purposes only.

The following tables show the relationship between the Company s 2009 actual financial performance (modified as described in the previous paragraph) and each performance factor described above, the degree to which each performance factor was attained, and the resulting overall corporate performance factor, the methods used to calculate the Return on Investment and Growth in Earnings per share performance factors, and the Russell 2000 Index comparison for the 25th percentile, median and 75th percentiles. In calculating annual financial performance for 2009, the overall corporate performance factor represents a combination of the results for each performance factor compared to its benchmark.

Benchmark 5 Year Russell 2000 Performance 2004 2008

	25th Percentile	Median	75th Percentile
Compounded EPS Growth	-4.6 %	8.6 %	25.1 %
Average Return on Investment	-2.0 %	4.6 %	10.1 %

Diluted Earnings per Share			
2008 Actual	2009 Plan	2009 Actual	2009 Modified**
$ 1.38	$ 1.42	$ 1.27	$ 1.50

2009 Actual Results	Median Return For Prior	Percentage Of Factor Earned	Weighting Factor	% Of Target Award*

		5-Year Period Russell 2000			
Return on Investment	10.4%**	4.6 %	200 %	33.3	66.0 %
Growth In Earning per share continuing operations	8.7 %	8.6 %	100.6 %	33.3	33.2 %
Actual versus projected performance	89.4 %	N/A	78.8 %	33.4	26.0 %
Overall Corporate Performance Factor					125.2 %

* This column represents the product of the Percentage of Factor Earned figures multiplied by the Weighting Factor figure.

** Reconciliation of diluted earnings per share and Invested Capital

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Modified Earnings from Continuing Operations:	In millions	Per share
Reported earnings	**$ 32.6**	**$ 1.27**
Pension expense, net of tax	6.1	0.23
Modified earnings	**$ 38.7**	**$ 1.50**
Modified Invested Capital:		
Reported shareholders equity	$ 312.9	
Total reported debt	63.6	
Total reported invested capital	$ 376.5	
Add:		
Pension expense, net of tax	$ 6.1	
Subtract:		
Amount recognized in other comprehensive income, net of tax	$ (8.6)	
Modified invested capital	**$ 374.0**	

As these tables demonstrate, the return on investment performance factor produced twice the target compared to the median return for the Russell 2000 and the growth in earnings per share performance factors produced 1x the target compared to the median return for the Russell 2000. As a result, the performance results for each of these factors contributed more significantly to the overall corporate performance factor than the actual financial performance factor, which represented 78.8% of target.

2009 Individual Performance

Under the terms of the Cash Bonus Plan, the Committee may also grant a Corporate Named Executive Officer up to an additional 10% of his/her target award based upon the degree to which the officer attains his or her individual goals for the year. The degree of individual goal attainment is evaluated with reference to specific measurable written goals within the Named Executive Officer s areas of responsibility that are determined between the executive and his or her supervisor at the beginning of the year. For 2009, Mr. Keating s individual goals related to implementation of a process for achievement of strategic goals, managing our business plan in light of the difficult economic environment, improvement of the company s free cash flow, providing the appropriate Board Committees with an overview of our succession planning process and management development approaches, and refining the company s strategic plans in both business segments. Based on the extent to which the Board determined that these goals were achieved, Mr. Keating earned an additional 10% of his target award. Mr. Denninger s 2009 individual goals related to the establishment of new financing arrangements, compliance with regulatory requirements, development of a plan for implementing international financial reporting standards, and management of the company s cash flow generation. Based on the extent to which the Board determined that these goals were achieved, Mr. Denninger earned an additional 10% of his target award. Ms. Clark s 2009 goals related to controlling overall legal costs, support of due diligence activities involved with potential acquisitions, and providing leadership and coordination in the management of company legal disputes. Based on the extent to which the Board determined that these goals were achieved, Ms. Clark earned an additional 10% of her target award. Mr. Galla s individual goals included the establishment of a new telephone system for the Bloomfield, Connecticut campus that utilizes voice over IP and our fiber optic network, implementing the Kaman production/computing/networking system at the Wichita facility, upgrading the wireless scanning capability at our warehouses, and test and deployment of an enterprise backup solution. Based on the extent to which the Board determined that these goals were achieved, Mr. Galla earned an additional 10% of his target award.

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Actual 2009 Cash Incentive Award Payments

In February 2010, the following total annual cash incentive awards earned for calendar year 2009 were made to the Named Executive Officers: Mr. Keating, $730,080; Mr. Denninger, $297,440; Ms. Clark, $229,164; and Mr. Galla, $178,261. These awards are reported in the Non-Equity Incentive Compensation column in the Summary Compensation Table. Expressed as a percentage of base salary at calendar year end, the payments were as follows: Mr. Keating: 108%; Mr. Denninger: 68%; Ms. Clark: 68%; and Mr. Galla: 61%. These awards reflect corporate achievement at 125.2% of the Company s target performance plus the percentages indicated above for attainment of individual goals.

Business Segment Named Executive Officer.

Performance Measures. The 2009 annual cash incentive award for Mr. Steiner, president of the Aerospace segment, was calculated based on (i) predetermined financial goals for this business segment as established by the Chief Executive Officer and approved by the Committee for Mr. Steiner s participation in the Cash Bonus Plan, and (ii) performance relative to other factors described below. The financial goals and their weighting for this business segment were: budgeted return on investment versus target return on investment (20%), actual return on investment versus budgeted return on investment (20%), actual return on investment versus target return on investment (40%), and growth in earnings from 2008 to 2009, measured by operating income (20%). Target return on investment is established as the average return on investment for the three previous calendar years. The company includes the factor of budgeted return on investment (as determined in the business segment s annual business plan versus target return on investment) in order to incent management to develop both aggressive and realistic goals. The accomplishment of this factor alone is not sufficient to earn a cash incentive award.

There are also other factors established by the Committee based on the Chief Executive Officer s recommendation and achievement of each of these factors results in the earning of points . The Cash Bonus Plan requires that a minimum number of points be accumulated for a cash incentive award to be earned and the more points that are earned, the greater the cash incentive award. Varying point levels are assigned to each factor based upon the Committee s assessment of the degree of attainment difficulty, after consultation with management. Possible point values ranged from 0 to 6 for each other factor with a maximum of 20 points.

Following is a conversion chart demonstrating the manner in which the total number of points is converted into a percentage of the target award:

CONVERSION CHART EXAMPLE

Total Points Earned	Percent of Target Award Earned
Below 50	0
50	20
60	30
70	45
80	60
90	80
100	100
110	120
120	140
130	160

140	180
150 & Above	200

The maximum number of points available for each of the predetermined financial goals is 40 except for actual return on investment versus target return on investment, which could be up to 80 points. Interpolation is used to determine payments if the number of points falls between two stated levels of total points earned in this table.

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2009 Actual Financial Performance. The following table illustrates the performance parameters and calculation method to determine Mr. Steiner s 2009 annual cash incentive payment. Mr. Steiner earned 111.59 points based on actual 2009 business segment results as measured against predetermined financial goals. Mr. Steiner s other factors related to achieving a signed contract for the sale/lease of the SH-2G(I) aircraft, profitability of the Wichita operation, and implementing on a pilot basis at one division a process for linking measurable performance targets to business results. For 2009, Mr. Steiner earned a total of 6 points (out of 20) for achievements with respect to the other factors involving cash flow generation (2 points) and the pilot implementation (4 points). Given the weightings described above, 2009 financial performance by the Aerospace segment and achievement of other segment performance factors resulted in a total of 118 points and a performance factor of 135.2% out of a maximum of 200%.

Average Return on Investment (ROI)			Operating Income (in millions)	
2009 Target	2009 Plan	2009 Actual	2008	2009
21.9 %	21.7 %	20.4 %	$ 61.6	$ 75.0

	Performance %	Points Earned	Performance Range		
Plan vs. Target ROI	99.1 %	19.63	50% = 0	100% = 20	125% = 40
Actual Performance vs Plan ROI	93.9 %	17.55	50% = 0	100% = 20	125% = 40
Actual Performance vs Target ROI	93.0 %	34.41	50% = 0	100% = 40	125% = 80
Growth in Operating Income	21.5 %	40.00	0% = 0	8% = 20	12% = 40
Points Earned based on Financial Performance		111.59			
Other Factors (20 point maximum)		6.00			
Total Points Earned		117.59			

Actual 2009 Cash Incentive Award Payment. In February 2010, Mr. Steiner received a total annual cash bonus award earned for calendar year 2009 of $226,460 and this award, which represents 68% of Mr. Steiner s 2009 base salary, is reported in the Non-Equity Incentive Compensation column of the Summary Compensation Table.

Long-Term Incentives

The Committee uses cash-based LTIP Awards under its Stock Incentive Plan to focus executive officers on long-term performance. LTIP Awards are based on the company s actual performance during a three-year performance period with respect to performance measures selected under the company s Stock Incentive Plan. The payment amount for completed performance periods is determined by a comparison of the company s financial performance for the three-year period with performance of the Russell 2000 Index for the same period. Payments attributable to completed performance periods are made in cash unless a participant has not yet achieved his or her required stock ownership level per the guidelines adopted by the Committee in 2006. Where stock ownership guidelines are not met, the Committee may direct that up to one-third of the earned award be paid in company stock. These awards are intended to qualify as performance-based compensation in accordance with the requirements of Internal Revenue Code Section 162(m).

In 2009, the Committee granted LTIP Awards for the performance period 2009 2011 in lieu of equity grants because each of the Named Executive Officers (other than the more recently hired Messrs. Denninger and Steiner) own significant stakes in the company and either met or were progressing in achieving compliance with stock ownership guidelines at the time.

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The Committee uses the following performance measures and weightings based on its determination of their importance as indicators of the company s long term success:

Performance Factor	Weighting
Three-year average return on total investment	40 %
Average annual compounded growth in earnings per share	40 %
Three-year total return to shareholders	20 %

The company s actual performance for each performance factor is compared to performance of the companies comprising the Russell 2000 Index for the same three-year period. The Committee chooses the Russell 2000 Index companies as the performance comparator for long-term financial performance for much the same reason as it did in the annual cash incentive award plan the Committee has determined that these are the type of companies against which an investor would likely compare the company s performance in considering investment decisions. This performance measurement methodology remains constant through the years although the performance of the Russell 2000 changes annually, thus increasing or decreasing the targets annually.

The financial measures and target performance goals used in the estimated calculation for the 2007 2009 performance period are as follows:

Three-year average return on total investment

The three-year average return on total investment is 10.6%, which represents the average for the three-year performance period shown on the following table. The Company defines total investment as total shareholder equity plus total long-term debt (including current portion). Total return on investment is net earnings divided by total investment as follows:

	2009	2008	2007
Net Earnings*	$32,649	35,107	$55,919
Total Equity	$312,900	$274,271	$394,526
Total Debt	$63,635	$94,165	$12,874
Total Investment	$376,535	$368,436	$407,400
Return on investment	8.7 %	9.5 %	13.7 %

* Net Earnings for 2007 include earnings attributable to the sale of the Company s Music segment in that year. The 2009 and 2008 figures represent earnings from continuing operations only.

Average Annual Compounded Growth in Earnings per Share

The average annual compounded growth in diluted earnings per share represents the average diluted earnings per share growth rate over the three-year performance period, which is calculated as follows:

	2004	2005	2006	3 Year Average	2007	2008	2009	3 Year Average*
EPS	$ (0.52)	$ 0.57	$ 1.30	$ 0.45	$ 2.23	$ 1.38	$ 1.27	$ 1.63

Average Compounded Annual Growth = $(\$1.63 \div \$0.45)^{1/3}$ 1 = 53.5%.

* EPS for 2007 includes earnings attributable to the sale of the company s Music segment in that year. The 2009 and 2008 figures represent earnings from continuing operations.

Three-Year Total Return to Shareholders

Total return to shareholders combines share price appreciation and dividends reinvested. The total return to shareholders is based on a computation that is obtained from Standard & Poor s Compustat, an independent research service. The Company s total return to shareholders for the performance period from 2007 2009 is 11.0%.

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Estimated Overall Award

	Company Performance	Est. Russell Performance at 50th Percentile	Estimated Percentage Earned	Performance Weighting	Estimated Award
Three-year Average Return on Total Investment	10.6 %	3.8 %	200.0 %	40 %	80.0 %
Average Annual Compounded Growth in Earnings per Share	53.5 %	-1.2 %	200.0 %	40 %	80.0 %
Three-Year Total Return to Shareholders	11.0 %	-24.0 %	200.0 %	20 %	40.0 %
Total Estimated Award*					**200.0%**

* Table reflects complete Russell 2000 Index data for 2007 and 2008, however, as of January 31, 2010, only 14% of Russell 2000 Index data is available for the 2009 fiscal year. Actual Russell 2000 performance for the 2007 2009 performance period may be higher or lower than what is illustrated above. The Company will disclose actual payments for the performance period when they are made, by filing a Form 8-K.

Financial performance in the 1st quartile results in no award payment; performance at the median results in an award payment at 100% of target; and performance at the top of, or above, the 3rd quartile results in a maximum award payment at 200% of the target. Interpolation is used to determine payments for financial performance within these quartiles. The methodology for determining the financial targets remains the same year to year, although the actual targets vary for each performance period based on the three-year performance of the Russell 2000 companies. Grants made for the performance period beginning on January 1, 2009 through December 31, 2011 are shown in the Grant of Plan-Based Awards table on page 36.

Payments earned, if any, are generally made in June of the year following the end of the performance period. This payment date gives the Committee time to collect and analyze more complete performance results of the Russell 2000 companies for the performance period. As explained above, amounts earned for the performance period January 1, 2007 December 31, 2009 are not yet determinable. The following table shows the estimated LTIP payment amounts for the 2007 2009 performance period for the Named Executive Officers that received LTIP Awards for that performance period:

Long-Term Performance-Based Cash Award 2007 2009

Named Executive Officer	Base Salary	Award Opportunity as a % of Base	Target Award	Performance Factor	Estimated Awards
Candace A. Clark	$326,000	95 %	$309,700	200 %	$619,400
Ronald M. Galla	$282,000	90 %	$253,800	200 %	$507,600

In addition, during 2009, the Committee granted 50,000 and 7,895 shares of restricted stock to Messrs. Keating and Steiner, respectively. The Committee made these grants because Messrs. Keating and Steiner will not receive any cash-based LTIP payment until 2011 and 2012 respectively. Mr. Steiner also received a stock option award for 20,025 shares during 2009.

Retirement Benefits

The company offers a tax qualified defined benefit pension plan for most of its employees including the Named Executive Officers. Tax rules restrict the amount of benefit that can be accrued for higher paid employees under this plan. The company maintains a Supplemental Employees Retirement Plan, which we refer to as the SERP, to pay the difference in retirement benefits between what the officer would be entitled to receive from the company s qualified pension plan, but for government imposed restrictions, and what is actually received from the qualified plan. The purpose of these plans is to provide a reasonable level of retirement income taking into account pre-retirement earnings and length of service with the company. This, or a similar type of supplemental plan, is typically offered by most other companies. The change in the value of the tax-qualified pension plan and SERP benefits in 2009 is shown in the Summary Compensation Table at page 35 and the full value of these benefits at normal retirement age is shown in the Pension Benefits Table at page 38.

Since 2006, pension-eligible compensation under the SERP has been limited solely to base salary and annual cash incentive awards paid, consistent with competitive practice. In 2007, the Board amended its SERP in connection with the Named Executive Officers agreeing to revised employment and change in control agreements and the change to the definition of pension earnings. Specifically, the SERP was changed to provide that pension earnings would be based on the highest five years of pension earnings over the last ten years whether or not consecutive, effective January 1, 2005. This change allowed long service executives at the time to avoid an immediate decrease in their pension earnings. The Board also generally provided for payments not made to a Named Executive Officer as a retirement benefit under the SERP during his or her lifetime to be paid as a lump sum death benefit to the surviving spouse or the executive s estate (in the case of an executive who dies without a surviving spouse). In February 2008, the Board further amended the SERP to provide for interest on delayed lump sum benefits as required to comply with recent federal tax law changes. Section 409A of the Internal Revenue Code requires that any payments to the Named Executive Officers on account of separation from service be delayed for six months. The amendment compensates the Named Executive Officer for this delay by providing interest on the lump sum amount using the short-term monthly rate under Internal Revenue Code Section 1274, for the month in which the officer s retirement occurs.

At management s recommendation, the Board approved certain fundamental changes to the Company s retirement benefits at its February 23, 2010 meeting. We did this because it became clear last year that continued implementation of the federal Pension Protection Act funding legislation combined with the effects of the dramatic economic downturn upon interest rates would cause the ongoing cost of maintaining the Company s tax-qualified defined benefit plan (pension plan) in its current form to consume a much larger portion of the Company s cash resources than it has historically. Current projections indicate that for the next several years, approximately 50% of the Company s available cash would need to be devoted to maintenance of the pension plan. Since these funds represent a principal source of the Company s ability to invest in the business to strengthen and grow it for the benefit of shareholders and employees alike, this would essentially mean that for the foreseeable future the Company s ability to enhance the strength of its businesses could be limited. At the same time, the Company recognizes the importance of providing its employees a means to build longer-terms savings for retirement.

To balance these objectives, the Company will close the pension plan to all new hires on or after March 1, 2010. The pension plan will continue for existing employees with the following changes:

Changes in pay will be taken into account for benefit calculation purposes until the end of calendar year 2010, after which no further changes will be taken into account.
The benefit formula will be improved to use the highest five years out of the last ten years of service up to December 31, 2010, whether or not consecutive. The current plan requires that pay years be consecutive.
Years of service (as defined by the pension plan) will continue to be added for purposes of benefit calculations through December 31, 2015 with no further accumulation of service thereafter except for vesting purposes this will provide employees with several years time for planning and executing alternative retirement savings strategies and will moderate the transition for those participants already near retirement age.

These changes apply equally to the Company s supplemental employees retirement plan in which the Named Executive Officers participate, which means that the Named Executive Officers will realize a reduced retirement income. After obtaining the advice of its independent consultant, the Committee has determined that this reduction would result in a less than competitive total compensation package. Consequently, the Committee determined at its February 2010 meeting to re-allocate this reduction in compensation to other elements of the total compensation package. Since the Committee believes that it is in the best interests of shareholders to have as much compensation for the Named Executive Officers as possible be performance

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based, it approved increases to the 2010 LTIP award targets for each Named Executive Officer. The Company, with the assistance of its actuaries, has estimated that if the new target LTIP award is earned each year, the additional LTIP payment would be substantially equivalent to the retirement benefit that would have been earned but for the suspension of the supplemental employees retirement plan. If the LTIP performance goals are not met, the amount earned pursuant to the new LTIP targets would be less than that which would have been received under the supplemental employees retirement plan. In addition, the increased 2010 LTIP award targets described above are conditioned upon each Named Executive Officer s agreement to end his or her right to receive credit for an additional two (2) (or three (3) in the case of Mr. Keating) years of continuous service credit under the supplemental employees retirement plan in the event severance benefits become payable under the change in control agreement, with the sole exception that Named Executive Officers with less than five (5) years of service can receive credit for such continuous service to the extent necessary to attain vesting for pension plan purposes (which is 5 years of continuous service).

The Company already offers its employees an important retirement savings vehicle where investments are directed by the employee this is our 401 (k) Plan (previously called the Thrift and Retirement Plan). Effective January 1, 2011, the Company will double its matching contributions to $1.00 for each $1.00 that a participant contributes to his or her account, up to 5% of compensation (as defined by the plan). This means that if the participant saves 5% of his or her compensation, the Company will match it with another 5% for a total savings of 10%. Participants in the plan are always vested in their own contributions and upon reaching 3 years of service with the Company, they will also be vested in all employer-matching contributions.

These changes have no impact upon individuals who are already retired or have terminated employment and were vested in their pension benefit as of March 1, 2010.

Other Benefits and Perquisites

A select group of highly compensated management employees, including the Named Executive Officers, are eligible to participate in our Deferred Compensation Plan, which permits deferral of certain types of compensation. The plan does not provide for above-market returns. For more information about the Deferred Compensation Plan, please refer to Non-Qualified Deferred Compensation Plan following the Non-Qualified Deferred Compensation Plan Table, below at page 39. The company provided perquisites to certain executives in 2009 to recognize the interrelationship of personal and business demands and to assist them in managing their financial affairs, leaving more time for attention to company matters. These perquisites include: (1) use of an automobile leased by the company with reimbursement of maintenance costs and the ability to acquire the vehicle; (2) reimbursement for medical expenses of up to $5,000 per year for medical expenses not covered by the Company s group medical plan (reimbursement is available to a group of executives in addition to the Named Executive Officers); and (3) a taxable allowance of up to $10,000 for financial counseling services, which may include tax preparation and estate planning services. The Summary Compensation Table provides information regarding the incremental cost of perquisites for the Named Executive Officers in 2009. In addition, the company maintains one corporate aircraft, which was used solely for business purposes in 2009, except for limited spousal travel to accompany executives on business trips.

The Committee has also voted to substantially restrict the perquisites offered to its Named Executive Officers. As of February 22, 2010, the Company will no longer reimburse Named Executive Officers for financial counseling services and will eliminate the medical reimbursement plan for them.

Employment Agreements and Change in Control Arrangements

The company has entered into employment agreements and change in control agreements with our Named Executive Officers. The terms and conditions of the agreements are described beginning on page 36. The Committee has extended employment agreements for the Named Executive Officers in order to encourage the retention of valuable executive talent, discourage competitors from attempting to hire those executives, and to protect the company in the event that an executive departs by strictly prohibiting the disclosure of confidential information, limiting the executive s ability to compete with the company after employment termination, requiring the signing of a release agreement before the payment of severance benefits and imposing reasonable post-employment cooperation obligations. The Committee believes that the change in control agreements serve the interests of our company and its shareholders by ensuring that if a hostile or friendly change of control is ever under consideration, our executives will be able to advise our board of directors about the potential transaction in the best interests of shareholders, without being unduly influenced by personal considerations.

The current agreements restrict the circumstances under which an executive would be entitled to an IRC Section 280G tax gross-up payment, require a signed release in exchange for severance benefits in all events, and contain provisions such that payments under the agreements are exempt from, or comply with, the requirements of IRC Section 409A.

In addition, the Named Executive Officers agreed in 2008 to condition their rights to a pro rata payment of the cash-based LTIP Awards due to termination of their employment by the Company without cause or due to retirement upon actual Company performance (as opposed to payment at target) for performance periods beginning after January 1, 2009.

In February 2010, the Company notified the Named Executive Officers in writing that the Company will not extend the term of the current change in control agreements. The Committee took this action in light of evolving best practices for change in control agreements. It is anticipated that the Company will enter into new change in control agreements at the end of the term of the current change in control agreements. Any new agreements will not include a tax gross-up for golden parachute excise taxes. Additionally, the Committee does not expect that any future employment or change in control agreement entered into with any other officers would contain a Company obligation to make a Section 280G tax gross-up payment.

The employment and change in control agreements for Mr. Keating are essentially the same as the agreements entered into by the other Named Executive Officers, except for differences reflecting Mr. Keating s position as President and Chief Executive Officer and the provision to him of limited reimbursement of temporary living expenses in 2008 prior to his relocation to Connecticut. Information regarding each of the Named Executive Officers agreements and the payments that would be received under different termination circumstances are set forth below under the caption Potential Payments Upon Termination or Change In Control at page 40.

Compensation Recapture

At its February 2010 meeting, the Board approved amendments to the employment agreements and change in control agreements for Messrs. Keating and Denninger to provide the Company with a right to recapture compensation paid or received, or to be paid or received, by these officers relating to Incentive Compensation (as defined in the agreements) awards made on or after January 1, 2010 with respect to fiscal periods beginning with 2010 where there is a Mandatory Restatement (as defined in the agreements) of the Company s financial statements for fiscal 2010 or any year thereafter that arises directly from the fraudulent or knowing, intentional misconduct of the officer. The agreement amendments have been filed on a Form 8-K dated February 25, 2010.

Stock Ownership Guidelines for Directors and Executive Officers

Since 2006, the Board has maintained stock ownership guidelines for both non-employee Directors and corporate management. The Board believes that the Directors and senior management should have a significant equity position in the company and that these guidelines further the Board s interest in encouraging a longer-term focus in managing the company.

Under the guidelines, non-employee Directors are required to have an ownership multiple of 3 times their annual cash retainer, which was $45,000 in 2009. Directors who do not meet the ownership guidelines must hold shares received pursuant to restricted stock grants (with such shares being netted for the income tax effect thereof) for a period of 3 years or until the guidelines are met, whichever is earlier. The stock ownership guidelines for senior management require covered executives to retain one-third of the net after-tax gain realized under equity-based compensation awards granted after the adoption of the guidelines, until they achieve and continue to maintain the following stock ownership levels:

President and Chief Executive Officer	3 times salary
Participants in the Long-Term Incentive Award Program under the 2003 Stock Incentive Plan (generally, less than 10 individuals)	2 times salary
All Other Corporate Officers (generally, about 10 individuals)	1 times salary

The Committee reviews stock ownership levels of executives subject to these guidelines on a quarterly basis. Exercisable stock options are not included in the determination of compliance with the ownership levels set forth above. All Named Executive Officers, with the exception of Messrs. Steiner and Denninger, who joined the company within the past few years, met stock ownership requirements during portions of 2009.

In determining whether the guidelines have been achieved at any particular point, the price of the Common Stock will be the higher of (i) the then current market value determined by the closing price of the Common Stock on the date of the determination; or (ii) the closing price on February 21, 2006, which was $21.13. The closing price of the Common Stock on December 31, 2009 was $23.09 and was used for the final determination of compliance for 2009.

Material Tax and Accounting Implications of the Program

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation paid in excess of $1 million for any fiscal year to the company s Chief Executive Officer and the three other most highly compensated executive officers (excluding the Chief Financial Officer). However, performance-based compensation that meets certain requirements under Section 162(m) is exempt from this deduction limitation. Except as specifically noted above, the Committee structures incentive compensation such as annual cash incentive awards (under its Cash Bonus Plan) and cash-based LTIP awards (under its Stock Incentive Plan) to qualify for this exemption. In 2009, none of the company s compensation to its Named Executive Officers exceeded the Section 162(m) limit.

Personnel & Compensation Committee Report

The Personnel & Compensation Committee has reviewed and discussed this Compensation Discussion and Analysis with management and concurs with its contents. Based on this review and discussion, the Personnel & Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the company s proxy statement on Schedule 14A and incorporated in its annual report to the SEC on Form 10-K for the year ended December 31, 2009.

Personnel & Compensation Committee

Richard J. Swift, Chair
Brian E. Barents
E. Reeves Callaway III
Thomas W. Rabaut

This report shall not be deemed to be incorporated by reference by any general statement incorporating this proxy statement by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, as amended, and shall not otherwise be deemed filed under such statutes.

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SUMMARY COMPENSATION TABLE

The table, footnotes and narrative below describe the aggregate compensation earned by each of our Named Executive Officers for our 2007, 2008 and 2009 fiscal years. For information on the role of each component within the total compensation package, see the description under Compensation Discussion and Analysis beginning on page 19.

Name and Principal Position	Year	Salary[1] ($)	Stock Awards[2] ($)	Option Awards[3]	Non-Equity Incentive Plan Compensation[4] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($)	All Other Compensation[6] ($)	Total ($)
NEAL J. KEATING	2009	$662,019	$1,111,250	$	$730,080	$162,419	$41,932	$2,707,700
Chairman, President and	2008	$675,000	$910,650	$	$446,040	$97,766	$434,015	$2,563,471
Chief Executive Officer	2007	$186,668	$649,400	$	$298,666	$6,500	$22,200	$1,163,434
WILLIAM C.	2009	$431,538	$	$	$297,440	$50,255	$39,683	$818,916
DENNINGER	2008	$54,098	$53,175	$85,816	$21,801	$	$1,575	$216,465
Senior Vice President and Chief Financial Officer[7]	2007	$	$	$	$	$	$	$
GREGORY L.	2009	$328,558	$129,083	$128,845	$226,460	$36,583	$26,710	$876,239
STEINER	2008	$162,910	$107,975	$173,946	$81,455	$9,243	$51,442	$586,971
President, Kaman Aerospace Group[8]	2007	$	$	$	$	$	$	$
CANDACE A. CLARK	2009	$332,481	$	$	$229,164	$503,679	$27,037	$1,092,361
Senior Vice President and	2008	$339,000	$	$	$540,892	$269,550	$42,415	$1,191,857
Chief Legal Officer	2007	$326,000	$	$	$679,653	$593,100	$24,368	$1,623,121
RONALD M. GALLA	2009	$287,365	$	$	$178,261	$423,665	$30,965	$920,256
Senior Vice President and	2008	$293,000	$	$	$423,742	$268,435	$51,197	$1,036,374
Chief Information Officer	2007	$282,000	$	$	$536,722	$508,300	$23,065	$1,350,087

(1) This figure represents actual salary paid in 2009 which reflects the one-week furlough taken by each Named Executive Officer during 2009. 2009 annual base salaries for each individual were: Mr. Keating, $675,000; Mr. Denninger, $440,000; Mr Steiner, $335,000; Ms. Clark, $339,000; Mr. Galla, $293,000.

(2) Represents restricted stock awards granted in 2009, 2008 and 2007 at aggregate grant date fair value in accordance with FASB ASC Topic 718. Please refer to Footnote 20 contained in the company s audited consolidated financial statements for the year ended December 31, 2009 in its Annual Report to the SEC on Form 10-K.

(3) Represents stock options granted in 2009, 2008 and 2007 at aggregate grant date fair value in accordance with FASB ASC Topic 718. Please refer to Footnote 20 contained in the company s audited consolidated financial

statements for the year ended December 31, 2009 in its Annual Report to the SEC on Form 10-K.

(4) Represents annual cash incentive awards earned by Named Executive Officers during the applicable fiscal year under our Cash Bonus Plan, which plan is discussed under Compensation Discussion and Analysis beginning on page 19. Does not reflect payments that cannot yet be determined but which may become due under the LTIP for the January 1, 2007 December 31, 2009 performance period. The 2008 figure reflects the LTIP payment made in June 2009 under the LTIP feature of the 2003 Stock Incentive Plan for the January 1, 2006 December 31, 2008 performance period. Our LTIP is discussed in further detail on page 28 of the Compensation Discussion and Analysis.

(5) Represents the total change in the present value of accrued benefits under our pension plan and SERP from year to year. These changes for the pension plan have been calculated by assuming all executives are employed until retirement and benefits commence at the earlier of normal retirement age (generally age 65) and the earliest age at which an unreduced pension could be received (e.g., age 63 with 30 years of service). With respect to the SERP, these changes for all years were calculated using the Pension Protection Act interest rate methodology and eliminating pre-retirement mortality assumptions (as all benefits are paid in a single lump sum).

(6) Represents the aggregate amounts attributable to all other compensation for each Named Executive Officer not reported in the previous columns, consisting of participation in our life insurance program for senior executives, employer matching contributions under our 401(k) Plan, supplemental employer contributions under our Deferred Compensation Plan (if any), payments under the Medical Expense Reimbursement program (MERP) and perquisites. The company s perquisite program for executive officers provides (1) a leased automobile, reimbursement for maintenance costs and the ability to acquire the vehicle and (2) tax/estate planning reimbursement up to $10,000 per individual per calendar year. Infrequently, spouses and guests of Named Executive Officers ride along on the Company aircraft when the aircraft is already going to a specific destination for a business purpose. This use has minimal cost to the Company. Income is imputed to the Named Executive Officer for income tax purposes, but no tax reimbursement is provided in this situation.

(7) Mr. Denninger joined the Company in November 2008.

(8) Mr. Steiner joined the Company in July 2008.

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Employment Agreements and Change in Control Agreements

We currently have Employment Agreements and Change in Control Agreements with all Named Executive Officers. The term of the Employment Agreements generally extend until January 1, 2011, subject to annual renewal thereafter, at the discretion of the Board. Pursuant to the agreements in place during 2009, the Named Executive Officers were provided the 2009 salary levels listed in the Summary Compensation Table and target annual bonus opportunities, representing a percentage of annual base salary as described under the caption Award Opportunities on page 23. These agreements further provide for participation in our employee benefit programs generally applicable to our senior executives, except that (a) Mr. Keating and Mr. Steiner are entitled to continued premium payments for their lifetime under our Senior Executive Life Insurance Program under certain circumstances. The estimated post termination compensation payable to our Named Executive Officers under these agreements are described in detail under the caption Post Termination Payments and Benefits beginning at page 40.

Grants of Plan-Based Awards in 2009 Fiscal Year

The following grants were made during the 2009 fiscal year to our Named Executive Officers pursuant to the company s Cash Bonus Plan and 2003 Stock Incentive Plan.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards* Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards Number of Shares of Stock or Units (#)	All Other Option Awards Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($/Sh)
Neal J. Keating	1/1/2009 (1)	$0	$540,000	$1,080,000							
	1/1/2009 (2)		1,080,000	2,160,000							
	10/13/2009 (3)							50,000			$22.23
William C. Denninger	1/1/2009 (1)	$0	$220,000	$440,000							
	1/1/2009 (2)		418,000	836,000							
Gregory L. Steiner	1/1/2009 (1)	$0	$167,500	$335,000							
	1/1/2009 (2)		318,250	636,500							
	2/23/2009 (3)							7,895			$16.35
	2/23/2009 (4)								20,025	$16.35	
Candace A. Clark	1/1/2009 (1)	$0	$169,500	$339,000							
	1/1/2009 (2)		322,050	644,100							
	1/1/2009 (1)	$0	$131,850	$263,700							

Ronald M. Galla				
	1/1/2009	(2)	263,700	527,400

(1) Represents annual Cash Bonus Plan participation for the 2009 fiscal year. Actual determination of the award amount, and its payment, was made in February 2010. Please see the Annual Cash Incentives section of the Compensation Discussion and Analysis at page 23.

(2) Represents a long term incentive grant under the LTIP feature of the 2003 Stock Incentive Plan for the three-year performance period 1/1/09 12/31/11. Payments, if any are earned, will not be made until approximately June of 2012. Please see the Long Term Incentive Compensation section of the Compensation Discussion and Analysis at page 28.

(3) Represents restricted stock award grant under the 2003 Stock Incentive Plan.

(4) Represents stock option grant under the 2003 Stock Incentive Plan.

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Outstanding Equity Awards at 2009 Fiscal Year-End

The following table lists the outstanding stock options and restricted stock awards at December 31, 2009 for each of our Named Executive Officers.

	Option Awards						Stock Awards				
Name	Number of Securities Underlying Unexer-cised Options (#) Exer-cisable	Number of Securities Underlying Unexer-cised Options (#) Unexer-cisable[(1)]	Equity Incentive Plan Awards Number of Securities Underlying Unexer-cised Unearned Options (#)	Option Exercise Price ($)	Option Grant Date	Option Expiration Date	Option Awards	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Number of Shares or Units of Stock That Have Not Vested ($)[(2)(3)]	Equity Incentive Plan Awards Number of Unearned Shares, Units or other Rights That Have Not Vested (#)	Equit Incen Plan Awar Mark or Payou Value of Unea Share Units or other Right That Have Not Veste ($)
Neal J. Keating							9/17/2007	12,000	$277,080		
Neal J. Keating							9/23/2008	24,000	$554,160		
Neal J. Keating							10/13/2009	50,000	$1,154,500		
William C. Denninger	2,000	8,000		$21.2700	11/17/2008	11/17/2018	11/17/2008	2,000	$46,180		
Gregory L. Steiner							7/7/2008	4,000	$92,360		
Gregory L. Steiner	4,000	16,000		$21.6000	7/7/2008	7/7/2018					
Gregory L. Steiner							2/23/2009	7,895	$182,296		
Candace A. Clark	7,500			$10.3125	2/15/2000	2/15/2010					
Candace A. Clark	10,500			$16.3125	2/13/2001	2/13/2011					
Candace A. Clark	5,470			$14.5000	2/12/2002	2/12/2012					
Candace A. Clark	10,530			$14.5000	2/12/2002	2/12/2012					
Ronald M. Galla	2,000			$16.3125	2/13/2001	2/13/2011					
Ronald M. Galla	2,814			$14.5000	2/12/2002	2/12/2012					
Ronald M. Galla	5,965			$14.5000	2/12/2002	2/12/2012					

(1) Unless otherwise stated, options vest at the value of twenty percent per year, beginning one year after the grant date and have a term of 10 years. Vesting of these awards may be accelerated upon death, disability, retirement or upon termination of employment following a change in control event, or in other termination of employment circumstances in accordance with the employment agreements and change in control agreements for each Named

Executive Officer and otherwise as provided in the 2003 Stock Incentive Plan. Please see the Post Termination Payments and Benefits section at page 40.

(2) Market value is calculated based on the closing price of the company s Common Stock on December 31, 2009 (the last business day of the year), which was $23.09.

(3) Unless otherwise stated, restrictions lapse with respect to restricted stock awards at the rate of twenty percent per year, beginning one year after the grant date. Lapsing of restrictions may be accelerated upon death, disability, retirement or upon termination of employment following a change in control event, or in other termination of employment circumstances in accordance with the employment agreements and change in control agreements for each Named Executive Officer and otherwise as provided in the 2003 Stock Incentive Plan. Mr. Keating s October 13, 2009 award has restrictions that lapse at the rate of one-third (1/3) each year beginning one year after the grant date. Please see the Post Termination Payments and Benefits section at page 40.

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Option Exercises and Stock Vested in Fiscal Year 2009

The following table provides information about the value realized by our Named Executive Officers on the exercise of stock options and the lapse of restrictions with respect to restricted stock awards during the 2009 fiscal year.

Name	Option Awards Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Exercise Date	Stock Award Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]	Vesting Date
Neal J. Keating				4,000	$ 89,240	9/17/09
Neal J. Keating				6,000	133,800	9/23/09
William C. Denninger				500	$ 10,865	11/17/09
Gregory L. Steiner				1,000	$ 16,810	7/7/09
Candace A. Clark	6,000	$ 35,100	1/29/09			
Ronald M. Galla						

(1) These amounts differ from those shown in the Summary Compensation Table. The amounts shown in the Summary Compensation Table for stock options represent the aggregate grant date fair value of awards made during 2009 in accordance with FASB ASC Topic 718. The amounts identified above represent the value actually received for all options (including previously vested but unexercised options) exercised in 2009 measured as the difference between the fair market value of a share of our Common Stock on the day the option was exercised and the exercise price of the option.

(2) The value of restricted stock awards included in the Summary Compensation Table represents the aggregate grant date fair value of awards made during 2009 valued in accordance with FASB ASC Topic 718. The amount shown above for restricted stock awards represents the actual value of the restricted stock awards on the date restrictions lapsed, determined based on the fair market value of a share of our Common Stock on that date.

Pension Benefits

The table below shows the present value of accumulated benefits payable to each of our Named Executive Officers at age 65 and the number of years of service credited to each of them under the Kaman Corporation Employees Pension Plan, which we call the pension plan and the SERP as of December 31, 2009.

Name	Plan Name	Number of Years of Service (#)	Present Value of Accumulated Benefit[1] ($)	Payments During Last Fiscal Year ($)
Neal J. Keating	Kaman Corporation Employees Pension Plan	2.38	58,767	$
	SERP	2.38	207,537	$

William C. Denninger	Kaman Corporation Employees Pension Plan	1.12	40,409	$
	SERP	1.12	9,846	$
Gregory L. Steiner	Kaman Corporation Employees Pension Plan	1.73	35,381	$
	SERP	1.73	10,445	$
Candace A. Clark				