



KAMAN

Investor Presentation

February 7, 2012

Kaman Corporation (NYSE: KAMN)

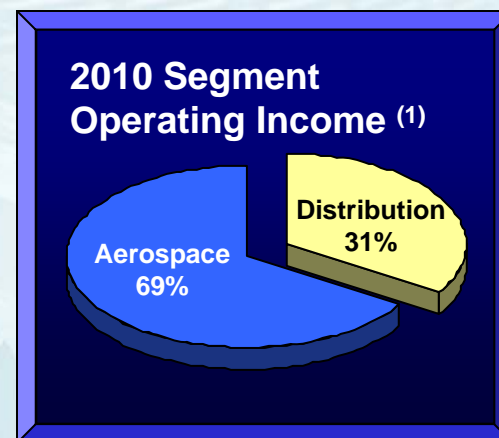
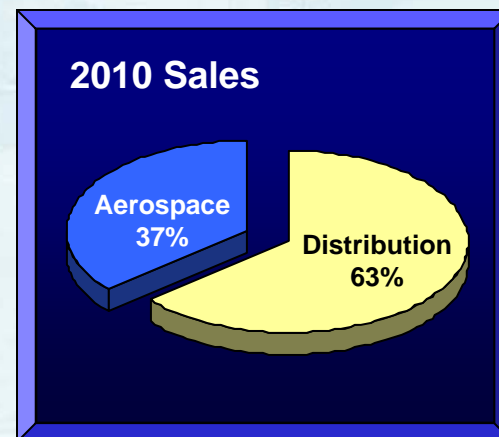


Investment Summary

- **Significant long-term organic growth opportunities in Aerospace and Industrial Distribution**
- **High margin Aerospace business benefiting from increasing commercial aircraft build rates**
- **Stable defense platforms with incremental revenue coming from new programs**
- **Industrial Distribution business growing organically, gaining scale via acquisitions, and adding complementary product lines**
- **Investing in new product development, new product applications, acquisitions and technology for long-term growth**
- **Strong balance sheet to drive growth and strategic initiatives**
- **Experienced management team**

Corporate Overview

- **Kaman Corporation is a diversified company that conducts business in the aerospace and industrial distribution markets**
- **The Company has two segments**
 - **Industrial Distribution**
 - Third largest distributor in the power transmission/motion control/fluid power market
 - Offers over four million SKUs to over 50K customers via 230 locations
 - **Aerospace**
 - Manufacturer and subcontractor in the global commercial and military aerospace and defense market
 - Diverse customer base of government divisions and blue chip customers
- **Publicly listed on the NYSE with a market capitalization of \$841 million as of February 3, 2012**
- **2011 Expected sales of \$1.5 billion⁽²⁾; 4,800 Employees**



⁽¹⁾ Operating profit after depreciation and before interest and corporate charges

⁽²⁾ Based on 11/2/2011 Outlook

Key Metrics

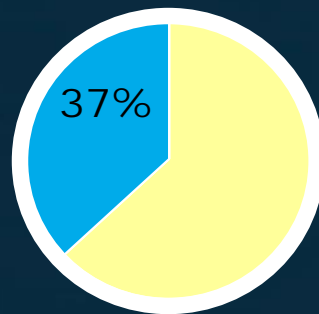
(In millions except per share amounts)	Nine Months YTD <u>10/01/2010</u>	Nine Months YTD <u>09/30/2011</u>	<u>Change</u>
Sales	\$ 953	\$ 1,119	+ 17.4%
Earnings per share	\$ 0.79 ⁽¹⁾	\$ 1.41 ⁽²⁾	+ 78.5%
Free cash flow	\$ 12.6	\$ (3.9)	- 131.0%
Market capitalization	\$ 670	\$ 734	+ 9.6%
Price per share	\$ 25.83	\$ 27.85	+ 7.8%

⁽¹⁾ Adjusted – excludes look back interest benefit of \$6.6 million pretax (\$0.17 per share, net of tax) and an aerospace contract settlement of \$2.0 million pretax (\$.05 per share, net of tax).

⁽²⁾ Adjusted – excludes \$2.4 million pretax (\$0.07 per share, net of tax) benefit associated with the death of a former executive

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AEROSPACE



2011 Sales \$560 Million (11/2/2011 Outlook)



OBJECTIVE:

- \$1 billion in sales by 2014 / margins in the “high teens”

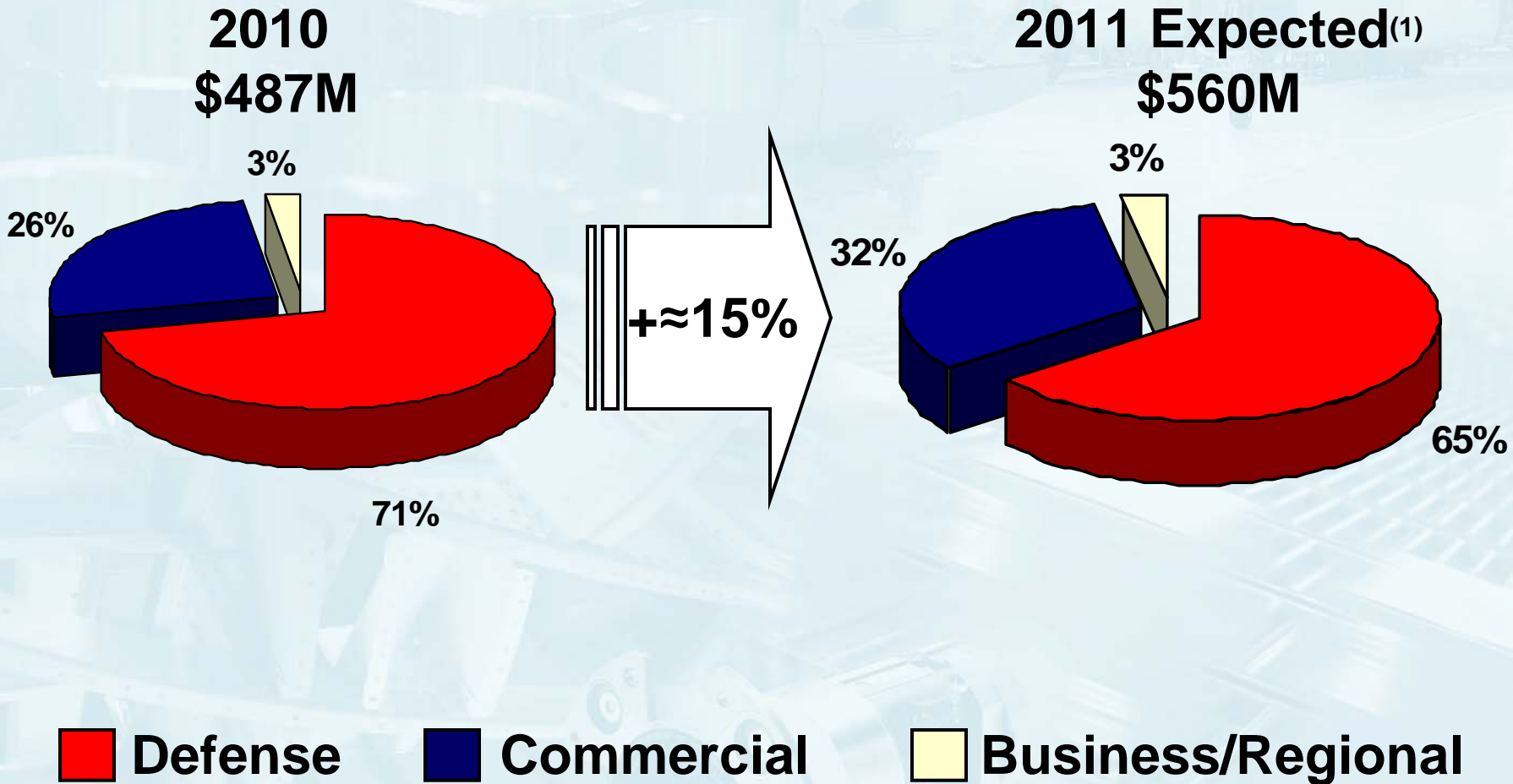
STRATEGY:

- **DEPTH** – Size/financial strength to address larger, integrated work packages from primes/OEM's and Tier 1's
- **DIVERSITY** – Balance portfolio thru increased commercial content
- **DIFFERENTIATION** – Continue to move from build-to-print to design-and-build for higher margins and more defensible positions
- **DEVELOPMENT** – Increased, focused investments in our people and infrastructure to increase capabilities and drive improved performance

Aerospace Business Drivers

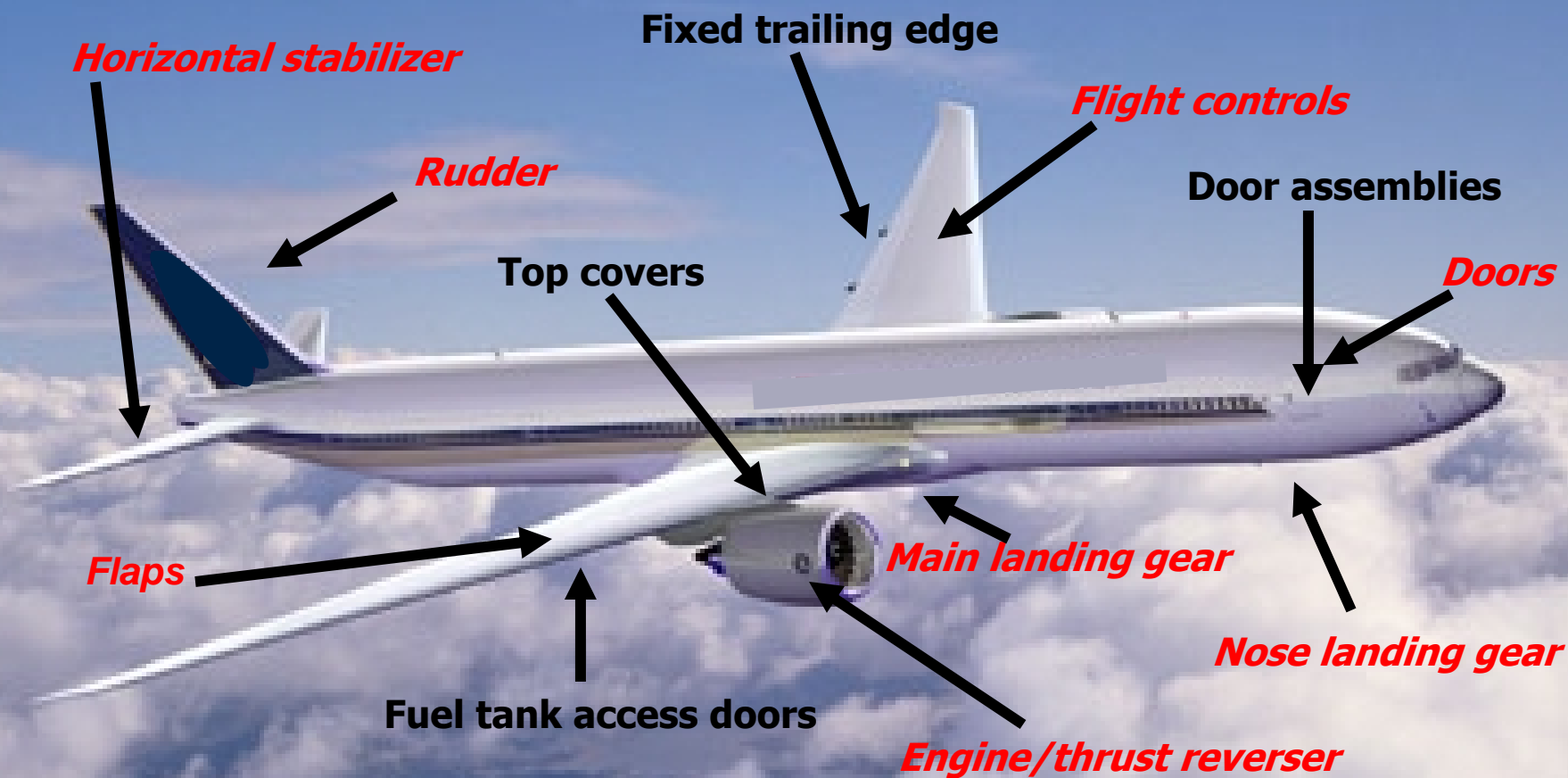
- **Continued outsourcing trend by OEMs and Super Tier 1s to increase flexibility and lower costs**
- **High margin specialty bearing and aerostructure businesses positioned to capitalize from significant ramp in commercial build rates at Boeing and Airbus**
- **Defense platforms provide exposure to key vertical lift and reset programs**
- **Legacy prime contractor capabilities provide attractive outsourcing alternatives to today's helicopter and fixed wing aircraft OEMs**

Aerospace Sales



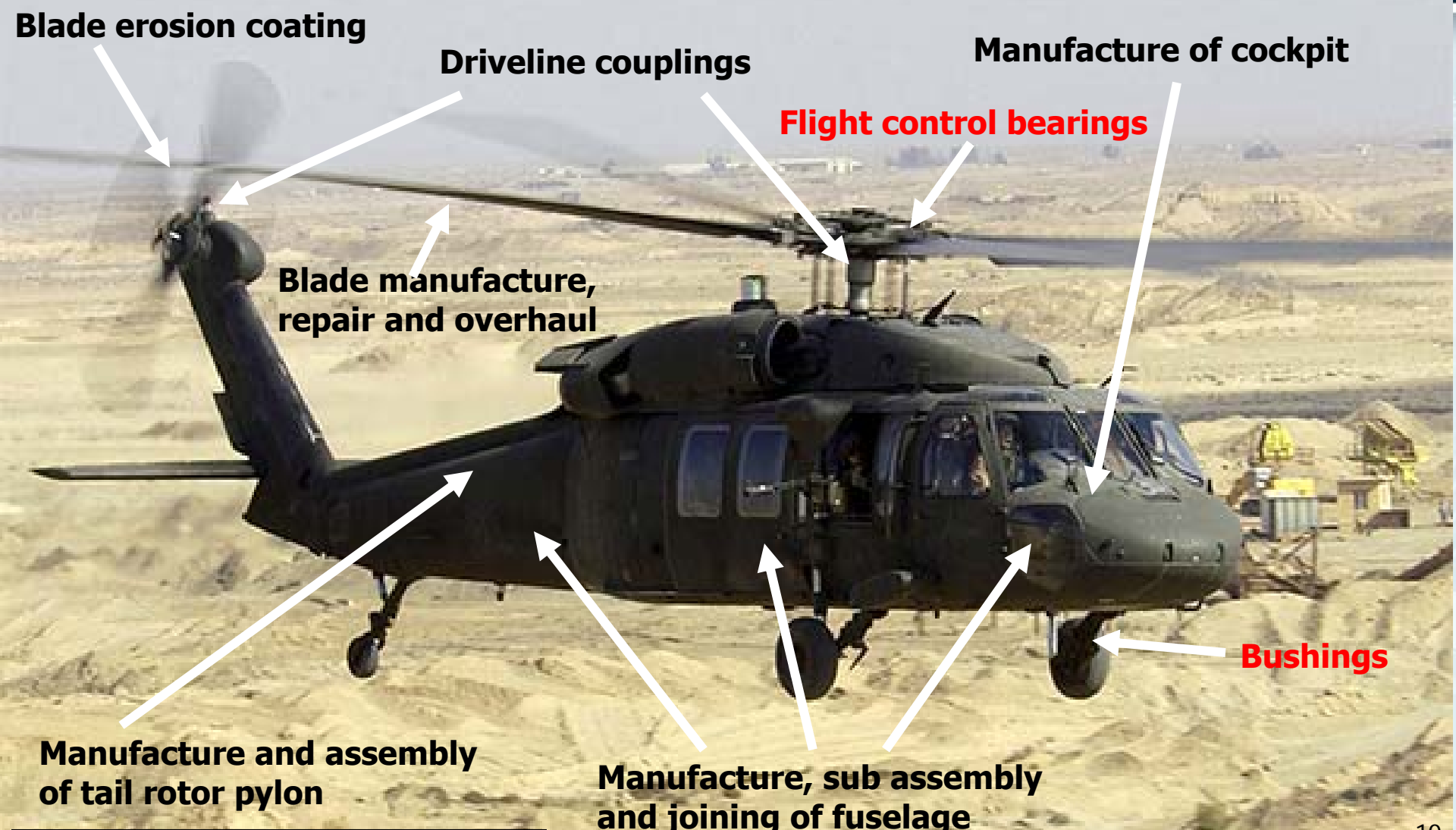
(1) Based on 11/2/2011 Outlook

Aircraft Programs/Capabilities



Red denotes bearing products

Aircraft Programs/Capabilities



Flight control bearings

Bushings

Red denotes bearing products

Unmanned K-MAX®

- **Teamed with Lockheed Martin to develop an unmanned military version of the Kaman K-MAX commercial helicopter**
- **Lockheed Martin / Kaman team working under a \$45.8 million contract for the evaluation of unmanned aircraft systems by the USMC**
 - **Two aircraft delivered under this program to the USMC**
 - **Successfully completed a five-day Quick Reaction Assessment (QRA) in August 2011**
 - **USMC aircraft are currently performing unmanned cargo resupply missions in Afghanistan**
- **Lockheed Martin awarded \$47 million Army contract for unmanned K-MAX development**



Aerospace – Budget Impact on Defense Programs

- **Defense business is comprised of programs largely unaffected by proposed budget cuts**
 - UH-60 BLACK HAWK – relatively stable demand
 - Joint Programmable Fuze – backlog into 2013, foreign demand, continued sole source
 - F-35 (Joint Strike Fighter) – incremental business at any production level
 - A-10 – reset, new business (approximately \$20M per year)
 - AH-1Z – new business (up to \$10M per year)
 - C-17 - firm backlog into 2013, potential for additional foreign orders

Positioned to Benefit from Ramp in Commercial Production

	Projected Deliveries		
	<u>2011</u>	<u>2014</u>	<u>% Increase</u>
Boeing 777	75	100	+ 33%
Boeing 747	15	24	+ 60%
Boeing 737	376	484	+ 29%
Boeing 787	11	117	+ 964%
Airbus A320	409	454	+ 11%
Airbus A380	24	28	+ 17%
Airbus A350	0	21	-

Source: Jefferies Estimates

Other Growth Programs

- **A-10 re-wing**
- **F-35 (Joint Strike Fighter)**
- **Bell Helicopter**
 - AH-1Z
 - Commercial
- **Learjet 85**



Opportunities

- **Unmanned K-MAX[®]**
- **SH-2G(I)**
- **Boeing tanker**
- **Boeing 737 MAX**



Acquisition of Vermont Composites

- **Acquired November 4, 2011**
- **A leader in the design and manufacture of composite aerostructures and advanced composite medical equipment**
- **Major platforms:**
 - **V-22 Osprey**
 - **P-8 Poseidon**
 - **C-130 Hercules**
 - **MH-60 BLACK HAWK**
 - **Various UAV's**
- **Expected 2011 annual sales of \$32 million**
- **230 employees in Bennington, VT**

Aerospace Awards

- **UTC Supplier Gold: Kamatics**
- **Sikorsky Top 100 Supplier: Kamatics and Aerostructures – Jacksonville**
- **Boeing Performance Excellence Award – Silver Level: Kaman Global Aerosystems**
- **Raytheon Missile Systems Four Star Supplier Award presented to Kaman Precision Products**
- **Aviation Week – Top Performing Companies**
 - 2011 #8 (companies with revenue between \$1-5 billion)
 - 2010 Five-Year Most Improved (companies with revenue between \$1-5 billion)

Aerospace Strategic Transition

NOW

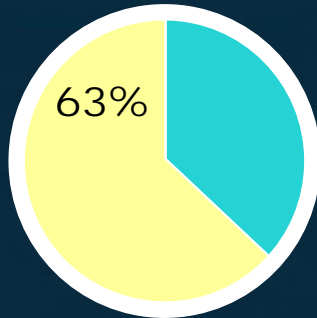
FUTURE/VISION

\$560 Million sales⁽¹⁾	→	\$1 Billion sales
15.3% to 15.5% Operating margin⁽¹⁾	→	“High Teens” operating margin
60% Build-to-print	→	70% Design-and-build
65% Defense	→	50% Defense/50% Commercial
Tier II/III Supplier	→	Super Tier II
Small, independent businesses	→	Integrated, coordinated, synergistic business
Primarily domestic	→	Multi-national
Competing on cost and manufacturing capability	→	Competing on design-and-build manufacturing capability, and Intellectual Property

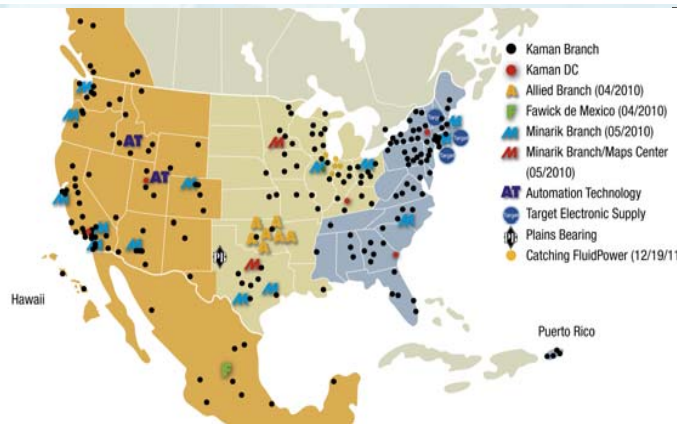
⁽¹⁾ Based on 11/2/2011 Outlook

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INDUSTRIAL DISTRIBUTION



2011 Sales \$950 Million (11/2/2011 Outlook)



Industrial Distribution Overview

- **Third largest industrial distribution firm serving the \$23 billion power transmission / motion control market.**
- **230 locations and 5 distribution centers**
- **Major product categories:**
 - Bearings
 - Mechanical and electrical power transmission
 - Fluid Power
 - Motion control
 - Automation
 - Material handling
- **Metrics:**
 - \$470,000 sales per employee (2010)
 - 2,100 employees (approximately one third outside sales)
 - 4.0 million SKUs offered
 - 50,000+ customers

Industrial Distribution




OBJECTIVE:

- \$1.5 billion in sales – 7% operating profit margin by 2014

STRATEGY:

- **SCALE/GROWTH** – Broaden product offering organically and through acquisitions. Expand geographic footprint to enhance position in the national accounts market
- **PRODUCTIVITY** – Recognize benefits from organizational realignment and implement multi-faceted technology investments
- **PROFITABILITY** – Recognize sales and cost synergies from the eight acquisitions completed in 2010 and 2011. Enhance margins through new higher margin product lines, a focus on pricing management and leverage increased purchasing scale


Major Product Platforms

Product Platform	Bearings & Mechanical Power Transmission (BPT)	Motion & Automation Control	Fluid Power and Control
% of 2011 Sales (approximate)	72%	16%	12%
Market Size	\$12.5 Billion	\$3.3 Billion	\$7.2 Billion
Acquisitions since 2008	<ul style="list-style-type: none"> •Industrial Supply Corp. •Allied Bearings Supply •Plains Bearing •Fawick de Mexico 	<ul style="list-style-type: none"> •Minarik •Automation Technology •Target Electronic Supply 	<ul style="list-style-type: none"> •Catching FluidPower •INRUMEC
Major Suppliers			

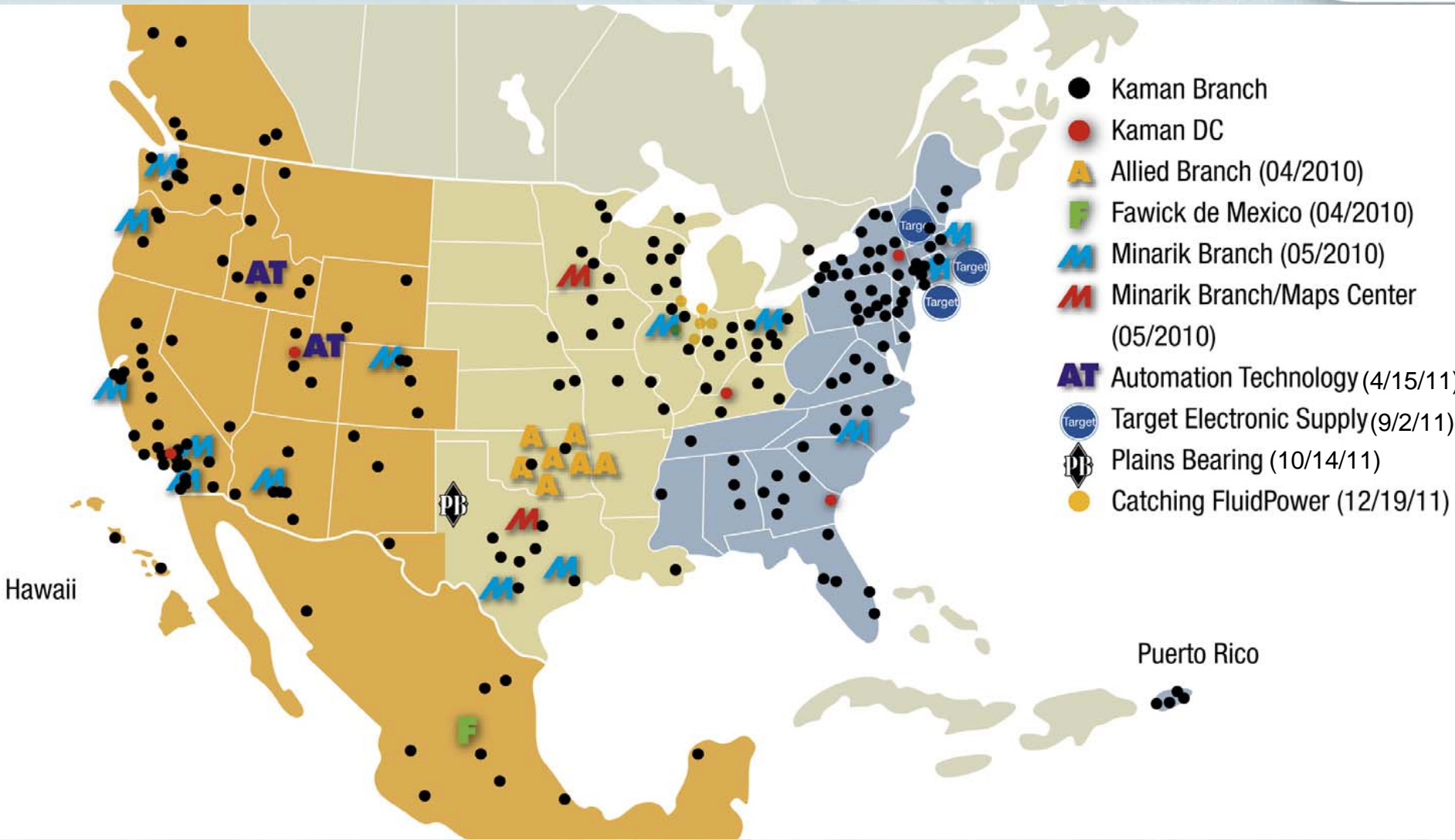
Acquisition of Target Electronic Supply, Inc.

- **Acquired September 2, 2011**
- **Expected 2012 sales of about \$20 million**
- **A leader in the motion control systems market in New England with branches in MA, CT and NH**
- **Adds motion control systems capabilities complementing Kaman's power transmission and Minarik's automation offerings in New England**
- **Adds additional scale to drive cost efficiencies and increase leverage**

Acquisition of Catching FluidPower, Inc.

- **Acquired December 15, 2011**
- **Expected 2011 sales of \$43 million**
- **A premier  tri-motion distributor and leading player in the critical Chicago market**
- **Distributor of a wide variety of product technologies including: hydraulic and pneumatic pumps, motors, valves, cylinders, manifolds, precision automation, instrumentation, hose and fittings, connectors, filtration products, seals and all other necessary fluid power components**
- **Six locations in Illinois and Indiana**

Executing Strategy and Building Network



Growth Continues

- **Total 2011 sales are expected to be up approximately 15% over the prior year to a record \$950 million⁽¹⁾**
- **Organic growth in 2011 was broad based**
 - 10 of top 10 product categories were up year-over-year
 - 9 of top 10 end markets were up year-over-year
 - 9 of top 10 states were up year-over-year (1 was down 1%)
- **Eight acquisitions completed in 2010 and 2011, accelerating the top line and building scale (added ≈ \$208 million in sales [annualized])**
- **2010 acquisitions have been twice as accretive as expected**

***Q311 Operating profit margin was 5.0%,
the seventh consecutive quarter of year-over-year improvement***

⁽¹⁾ Based on 11/2/2011 Outlook

Industrial Distribution Strategic Transition

NOW

\$950 Million sales⁽¹⁾

4.8% to 5.0% operating margin⁽¹⁾

**Presence in 72 of the top 100
U.S. industrial markets**

Three major product platforms

**Narrow fluid power offering from
numerous single-technology
suppliers**

FUTURE/VISION

\$1.5 Billion sales

7.0% operating margin

**Presence in \approx 90 of the top 100
U.S. industrial markets**

**Three major product platforms
with increased market share in
motion/automation and fluid
power**

**Broad fluid power offering from
multi-technology supplier**

⁽¹⁾ Based on 11/2/2011 Outlook

Industrial Distribution Opportunities

- **Broaden product offering organically and through acquisition to win additional business from existing customers and gain market share**
- **Enhance margins through new higher margin product lines, a focus on pricing management and leverage from higher sales**
- **Expand higher margin fluid power business via Parker national reseller agreement**
- **Recognize sales and cost synergies from the eight acquisitions completed in 2010 and 2011**
- **Expand geographic footprint through additional acquisitions to enhance Kaman's position in the competition for national accounts**
- **Improve productivity through technology investments to enhance return on sales**

Kaman Investment Merits

- **A Leading Market Position in Both Business Segments**
- **Continued Focus on Profit Optimization, Increasing Cash Flows and Strengthening Competitive Position**
- **Strong Liquidity and Conservative Financial Profile**
 - **Investment Grade Rating (BBB-/Stable)**
- **Disciplined and Focused Acquisition Strategy**
- **Experienced Management Team**



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APPENDIX



Aviation Week Top Performing Companies

2011 AEROSAPCE & DEFENSE RANKINGS FOR
COMPANIES WITH REVENUES BETWEEN \$1-5 BILLION

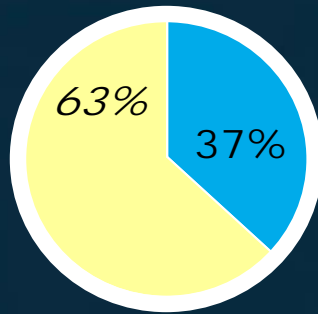
RANK	COMPANY	2010 REVENUE (\$in millions)	Total Score
1	CUBIC	1,228	94
2	LORAL SPACE	1,159	86
3	ROCKWELL COLLINS	4,754	84
4	ULTRA ELECTRONICS	1,097	79
5	FLIR SYSTEMS	1,385	78
6	INDRA SISTEMAS	3,476	67
7	ORBITAL SCIENCES	1,295	64
8	KAMAN	1,319	64
9	ALLIANT TECHSYSTEMS	4,790	62
10	TRIUMPH GROUP	2,338	61
11	MTU AERO ENGINES	3,589	61
12	TELEDYNE TECHNOLOGIES	1,644	54
13	WOODWARD GOVERNOR	1,483	54
14	SAA B	3,395	54
15	HEXCL	1,174	52
16	ALLEGHENY TECHNOLOGIES	4,048	51
17	ESTERLINE	1,572	51
18	ELBIT SYSTEMS	2,670	51
19	SPIRIT AEROSYSTEMS	4,172	50
20	MOOG	2,174	49
21	CURTISS-WRIGHT	1,893	48
22	B/E AEROSPACE	1,984	47
23	AAR	1,541	46
24	COBHAM	2,939	44
25	BARNES GROUP	1,133	43
26	ZODIAC	2,937	43
27	BABCOCK INTERNATIONAL GROUP	3,414	43
28	BBA AVIATION	1,827	43
29	CAE	1,515	35
30	MEGGITT	1,795	34

Scoring Categories:

- Return on invested capital
- Earnings momentum
- Asset management
- Financial health

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FINANCIAL SUMMARY



2010 Sales \$1.32 Billion

Financial Highlights – Q3

(\$ in millions except
per share amounts)

	For the three months ended		
	Sept. 30, 2011	October 1, 2010	
	Actuals	Actuals	Adjusted
<u>Net sales:</u>			
Industrial Distribution	\$ 239.1	\$ 223.1	\$ 223.1
Aerospace	117.4	136.4	134.1 ⁽¹⁾
	<u>\$ 356.5</u>	<u>\$ 359.5</u>	<u>\$ 357.2</u>
<u>Operating income:</u>			
Industrial Distribution	\$ 11.9	\$ 8.5	\$ 8.5
Aerospace	18.7	19.0	21.0 ⁽²⁾
	<u>\$ 30.6</u>	<u>\$ 27.5</u>	<u>\$ 29.5</u>
<u>Operating profit %:</u>			
Industrial Distribution	5.0%	3.8%	3.8%
Aerospace	15.9%	13.9%	15.7%
Net earnings	\$ 12.4	\$ 15.8	\$ 12.8 ⁽³⁾
EPS diluted	\$ 0.47	\$ 0.61	\$ 0.49 ⁽³⁾

⁽¹⁾ Excludes a sales adjustment of \$2.3 million related to a contract pricing settlement

⁽²⁾ Excludes a \$2.0 million pretax adjustment related to a contract pricing settlement

⁽³⁾ Excludes the adjustment in note (2), which was \$0.05 per share, net of tax; and a look back interest benefit of \$6.6 million pretax (\$0.17 per share, net of tax)

Financial Highlights – Nine Months YTD

(\$ in millions except
per share amounts)

	For the nine months ended			
	September 30, 2011		October 1, 2010	
	Actuals	Adjusted	Actuals	Adjusted
Net sales:				
Industrial Distribution	\$ 717.3	\$ 717.3	\$ 613.3	\$ 613.3
Aerospace	402.1	402.1	340.1	337.8 ⁽¹⁾
	<u>\$ 1,119.4</u>	<u>\$ 1,119.4</u>	<u>\$ 953.4</u>	<u>\$ 951.1</u>
Operating income:				
Industrial Distribution	\$ 35.9	\$ 35.9	\$ 21.0	\$ 21.0
Aerospace	61.5	61.5	40.8	42.8 ⁽²⁾
	<u>\$ 97.4</u>	<u>\$ 97.4</u>	<u>\$ 61.8</u>	<u>\$ 63.8</u>
Operating profit %:				
Industrial Distribution	5.0%	5.0%	3.4%	3.4%
Aerospace	15.3%	15.3%	12.0%	12.7%
Net earnings	\$ 39.4	\$ 37.5 ⁽⁴⁾	\$ 23.6	\$ 20.6 ⁽³⁾
EPS diluted	\$ 1.48	\$ 1.41 ⁽⁴⁾	\$ 0.91	\$ 0.79 ⁽³⁾

(1) Excludes a sales adjustment of \$2.3 million related to a contract pricing settlement

(2) Excludes a \$2.0 million pretax adjustment related to a contract pricing settlement

(3) Excludes the adjustment in note (2), which was \$0.05, net of tax; and a look back interest benefit of \$6.6 million pretax (\$0.17 per share, net of tax)

(4) Excludes \$2.4 million pretax (\$0.07 per share, net of tax) benefit associated with the death of a former executive 34

Financial Highlights – Full Year 2010

(\$ in millions except
per share amounts)

	For the twelve months ended December		
	2010		2009
	Actuals		Actuals
	GAAP	Adjusted ⁽¹⁾	
<u>Net sales:</u>			
Industrial Distribution	\$ 832.0	\$ 832.0	\$ 645.5
Aerospace	486.5	484.2	500.7
	<u>\$ 1,318.5</u>	<u>\$ 1,316.2</u>	<u>\$ 1,146.2</u>
<u>Operating income:</u>			
Industrial Distribution	\$ 30.3	\$ 30.3	\$ 12.6
Aerospace	67.2	75.6	75.0
	<u>\$ 97.5</u>	<u>\$ 105.9</u>	<u>\$ 87.6</u>
<u>Operating profit %:</u>			
Industrial Distribution	3.6%	3.6%	2.0%
Aerospace	13.8%	15.6%	15.0%
Net earnings	\$ 38.3	\$ 41.7	\$ 32.6
EPS diluted	\$ 1.47	\$ 1.59	\$ 1.27

⁽¹⁾Adjusted – excludes \$6.4 million goodwill impairment, \$2.0 million aerospace contract settlement and \$6.6 look-back interest benefit

Balance Sheet and Capital Factors

(In Millions)	As of 9/30/2011	As of 12/31/10	As of 12/31/09
Cash and Cash Equivalents	\$ 15.2	\$ 32.2	\$ 18.0
Notes Payable and Long-term Debt	\$ 149.7	\$ 148.4	\$ 63.6
Shareholders' Equity	\$ 399.4	\$ 362.7	\$ 312.9
Debt as % of Total Capitalization	27.3%	29.0%	16.9%
Capital Expenditures	\$ 19.4 ¹	\$ 21.5	\$ 13.6
Depreciation & Amortization	\$ 16.6 ¹	\$ 20.5	\$ 16.1

¹ For the nine months ended 9/30/2011

Forward Looking Statement

This presentation contains forward-looking information relating to the Company's business and prospects, including the Aerospace and Industrial Distribution businesses, operating cash flow, and other matters that involve a number of uncertainties that may cause actual results to differ materially from expectations. Those uncertainties include, but are not limited to: 1) the successful conclusion of competitions for government programs and thereafter contract negotiations with government authorities, both foreign and domestic; 2) political conditions in countries where the Company does or intends to do business; 3) standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; 4) satisfactory conclusion to government inquiries or investigations regarding government programs; 5) domestic and foreign economic and competitive conditions in markets served by the Company, particularly the defense, commercial aviation and industrial production markets; 6) risks associated with successful implementation and ramp up of significant new programs; 7) potential difficulties associated with variable acceptance test results, given sensitive production materials and extreme test parameters; 8) management's success in increasing the volume of profitable work at the Wichita facility; 9) successful resale of the SH-2G(I) aircraft, equipment and spare parts; 10) receipt and successful execution of production orders for the JPF U.S. government contract, including the exercise of all contract options and receipt of orders from allied militaries, as all have been assumed in connection with goodwill impairment evaluations; 11) satisfactory resolution of the Wichita subpoena matter; 12) continued support of the existing K-MAX® helicopter fleet, including sale of existing K-MAX® spare parts inventory; 13) cost estimates associated with environmental remediation activities at the Bloomfield, Moosup and New Hartford, CT facilities and our U.K. facilities; 14) profitable integration of acquired businesses into the Company's operations; 15) changes in supplier sales or vendor incentive policies; 16) the effects of price increases or decreases; 17) the effects of pension regulations, pension plan assumptions and future contributions; 18) future levels of indebtedness and capital expenditures; 19) continued availability of raw materials and other commodities in adequate supplies and the effect of increased costs for such items; 20) the effects of currency exchange rates and foreign competition on future operations; 21) changes in laws and regulations, taxes, interest rates, inflation rates and general business conditions; 22) future repurchases and/or issuances of common stock; and 23) other risks and uncertainties set forth in the Company's annual, quarterly and current reports, proxy statements and other filings with the SEC. Any forward-looking information provided in this presentation should be considered with these factors in mind. The Company assumes no obligation to update any forward-looking statements contained in this presentation.

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