KAMAN

Q4 2017 Earnings Call Supplement

Important Information

FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements also may be included in other publicly available documents issued by the Company and in oral statements made by our officers and representatives from time to time. These forward-looking statements are intended to provide management's current expectations or plans for our future operating and financial performance, based on assumptions currently believed to be valid. They can be identified by the use of words such as "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "would," "could," "will" and other words of similar meaning in connection with a discussion of future operating or financial performance. Examples of forward looking statements include, among others, statements relating to future sales, earnings, cash flows, results of operations, uses of cash and other measures of financial performance.

Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and other factors that may cause the Company's actual results and financial condition to differ materially from those expressed or implied in the forward-looking statements. Such risks, uncertainties and other factors include, among others: (i) changes in domestic and foreign economic and competitive conditions in markets served by the Company, particularly the defense, commercial aviation and industrial production markets; (ii) changes in government and customer priorities and requirements (including cost-cutting initiatives, government and customer shut-downs, the potential deferral of awards, terminations or reductions of expenditures to respond to the priorities of Congress and the Administration, or budgetary cuts resulting from Congressional actions or automatic sequestration); (iii) changes in geopolitical conditions in countries where the Company does or intends to do business; (iv) the successful conclusion of competitions for government programs (including new, follow-on and successor programs) and thereafter successful contract negotiations with government authorities (both foreign and domestic) for the terms and conditions of the programs; (v) the timely receipt of any necessary export approvals and/or other licenses or authorizations from the U.S. Government; (vi) timely satisfaction or fulfillment of material contractual conditions precedents in customer purchase orders, contracts, or similar arrangements; (vii) the existence of standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; (viii) the successful resolution of government inquiries or investigations relating to our businesses and programs; (ix) risks and uncertainties associated with the successful implementation and ramp up of significant new programs, including the ability to manufacture the products to the detailed specifications required and recover start-up costs and other investments in the programs; (x) potential difficulties associated with variable acceptance test results, given sensitive production materials and extreme test parameters; (xi) the receipt and successful execution of production orders under the Company's existing U.S. government JPF contract, including the exercise of all contract options and receipt of orders from allied militaries, but excluding any next generation programmable fuze programs, as all have been assumed in connection with goodwill impairment evaluations; (xii) the continued support of the existing K-MAX® helicopter fleet, including sale of existing K-MAX® spare parts inventory and the receipt of orders for new aircraft sufficient to recover our investment in the restart of the K-MAX® production line; (xiii) the accuracy of current cost estimates associated with environmental remediation activities; (xiv) the profitable integration of acquired businesses into the Company's operations; (xv) the ability to implement our ERP systems in a cost-effective and efficient manner, limiting disruption to our business, and allowing us to capture their planned benefits while maintaining an adequate internal control environment; (xvi) changes in supplier sales or vendor incentive policies; (xvii) the effects of price increases or decreases; (xviii) the effects of pension regulations, pension plan assumptions, pension plan asset performance, future contributions and the pension freeze, including the ultimate determination of the U.S. Government's share of any pension curtailment adjustment calculated in accordance with CAS 413; (xix) future levels of indebtedness and capital expenditures; (xx) the continued availability of raw materials and other commodities in adequate supplies and the effect of increased costs for such items; (xxi) the effects of currency exchange rates and foreign competition on future operations; (xxii) changes in laws and regulations, taxes, interest rates, inflation rates and general business conditions; (xxiii) the effects, if any, of the UK's exit from the EU; (xxiv) future repurchases and/or issuances of common stock; (xxv) the occurrence of unanticipated restructuring costs or the failure to realize anticipated savings or benefits from past or future expense reduction actions; and (xxvi) other risks and uncertainties set forth herein, in our 2017 Form 10-K for the fiscal quarter ended December 31, 2017.

Any forward-looking information provided in this presentation should be considered with these factors in mind. We assume no obligation to update any forward-looking statements contained in this presentation.

Non-GAAP Figures

Certain measures presented in this presentation are “Non-GAAP” items. These figures are denoted with an asterisk (*).

Reconciliations from GAAP measures to the Non-GAAP measures are presented herein or in our recent earnings releases filed with the U.S. Securities and Exchange Commission.

Summary of Changes on Accounting Impact to 2018 Outlook

New Revenue Recognition Standard (ASC 606)

- Revenue recognition determined based on transfer of control to a customer
- Revenue is recognized over time or at a point-in-time based on method of transfer
- Adoption of standard immaterial to Distribution
- Adoption of standard impacts to 2018 Aerospace Outlook:
  - Increase in sales in the range of $15.0 million to $25.0 million
  - Increase in operating profit in the range of $7.0 million to $9.0 million

Pension Accounting Change (ASU 2017-07)

- ASU 2017-07 requires the separation of net periodic pension benefit cost between service costs and all other costs **AND** changes the classification of all other costs on the income statement
- Impact on 2018 Outlook:
  - Net periodic pension benefit of $11.5 million will be classified below operating income resulting in:
    - Decrease to Aerospace operating income of $7.0 million
    - Decrease to Distribution operating income of $3.5 million
    - Increase to Corporate expense of $1.0 million
  - No impact to net earnings from change in pension benefit classification

Change in Revenue Recognition for Key Programs

Method of Revenue Recognition by Significant Program			
Program	ASC 605 (Prior GAAP) Revenue Recognized at:	ASC 606 (New GAAP) Revenue Recognized at:	Impact of Change
K-MAX	Cost-to-Cost	Point-in-time: Customer Acceptance	Delays Recognition
Peru SH-2 Upgrade	Cost-to-Cost	Over time: Cost-to-Cost	No Change
JPF USG	Customer Acceptance	Over time: Cost-to-Cost	Accelerates Recognition
JPF DCS	Customer Acceptance	Point-in-time: Customer Acceptance	No Change
Structures Programs (i.e. AH-1Z UH-60)	Customer Acceptance	Over time: Cost-to-Cost	Accelerates Recognition

2018 Outlook Reconciliation

($ in millions)	2018 Outlook Based on New Accounting Rules	Impact from change in Pension Benefit classification	Estimated Impact from Revenue Recognition	2018 Outlook Based on Prior Accounting Rules*
Distribution				
Sales	$1,100.0 - $1,150.0	-	Not Material	$1,100.0 - $1,150.0
Operating Income	$56.1 - $62.1	$3.5	Not Material	$59.6 - $65.6
Operating Margin	5.1% - 5.4%	30 bps	-	5.4% - 5.7%
Aerospace				
Sales	$750.0 - $780.0	-	($15.0 - $25.0)	$725.0 - $765.0
Adjusted Operating Income*	$121.5 - $130.3**	$7.0	($7.0 - $9.0)	$119.5 - $130.3
Adjusted Operating Margin*	16.2% - 16.7%**	90 bps	(60) bps	16.5% - 17.0%
Corporate	$59.0	$(1.0)	-	$58.0

2018 operating margins negatively impacted by accounting changes compared to 2017; No impact to net earnings from change in pension benefit classification

KAMAN

** Adjusted operating income and adjusted operating margin outlook, adjusting approximately $5.5 million of restructuring costs. See Q4 2017 Earnings release for Non-GAAP Reconciliation of Adjusted Operating Margin outlook for Aerospace.