

KAMAN



Year End 2012 – Non-GAAP Reconciliation Slides

February 25, 2013

To supplement our condensed consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we provide additional financial measures that exclude or include amounts, or are subject to adjustments, so as to be different from the most directly comparable financial measures calculated and presented in accordance with GAAP. Kaman management believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. Kaman management also believes that these non-GAAP financial measures enhance the ability of investors to analyze Kaman's business trends and to understand Kaman's performance. In addition, Kaman may utilize non-GAAP financial measures as a guide in its forecasting, budgeting, and long-term planning process and to measure operating performance for some management compensation purposes. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. A reconciliation of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follows:

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Kaman Corporation		
For the years ended December 31, 2012 and 2011		
<u>Table No.</u>	<u>Description</u>	<u>Year</u>
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Full Year 2012 Segment Highlights

Aerospace (\$ millions)			
	Reported	Adjusted*	Year over Year Change*
Sales	\$580.8	\$578.3	+ \$30.9
Operating Profit	\$ 89.1	\$ 93.5	+ \$6.9
R.O.S.	15.3%	16.2%	+ 34 bps

Distribution (\$ millions)			
	Reported**	Adjusted*	Year over Year Change*
Sales	\$1,012.1	\$1,032.2	+ \$81.4
Operating Profit	\$ 50.6	\$ 52.1	+ \$4.0
R.O.S.	5.0%	5.1%	- 1 bps

* Adjusted, see non-GAAP reconciliations in this presentation

** From continuing operations

Reconciliation of Non-GAAP Financial Information

Table 1. Aerospace Segment 2012	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Full Year</u>
(\$000s)					
GAAP Net Sales	\$ 131,084	\$ 147,364	\$ 151,285	\$ 151,036	\$ 580,769
Sales recorded as part of contract settlement				\$ (2,500)	\$ (2,500)
Adjusted Aerospace Segment sales	<u>\$ 131,084</u>	<u>\$ 147,364</u>	<u>\$ 151,285</u>	<u>\$ 148,536</u>	<u>\$ 578,269</u>
GAAP Operating Profit	\$ 15,901	\$ 26,158	\$ 24,410	\$ 22,673	\$ 89,142
% of sales	12.1%	17.8%	16.1%	15.0%	15.3%
Resolution of Aerospace contract claim				\$ 3,297	\$ 3,297
Aerospace contract claim settlement			\$ 586		\$ 586
Severance related to Aerospace realignment				\$ 455	\$ 455
Operating profit - Adjusted	<u>\$ 15,901</u>	<u>\$ 26,158</u>	<u>\$ 24,996</u>	<u>\$ 26,425</u>	<u>\$ 93,480</u>
% of sales	12.1%	17.8%	16.5%	17.8%	16.2%

Reconciliation of Non-GAAP Financial Information

Table 2. Aerospace Segment 2011	Q1	Q2	Q3	Q4	Full Year
(\$000s)					
GAAP Net Sales	\$ 138,953	\$ 145,779	\$ 117,388	\$ 145,283	\$ 547,403
GAAP Operating Profit	\$ 21,419	\$ 22,360	\$ 19,173	\$ 17,472	\$ 80,424
% of sales	15.4%	15.3%	16.3%	12.0%	14.7%
FMU-143 litigation settlement	\$ -	\$ -		\$ 6,204	\$ 6,204
Operating profit - Adjusted	\$ 21,419	\$ 22,360	\$ 19,173	\$ 23,676	\$ 86,628
% of sales	15.4%	15.3%	16.3%	16.3%	15.8%

Reconciliation of Non-GAAP Financial Information

Table 3. Distribution Segment 2012	Q1	Q2	Q3	Q4	Full Year
(\$000s)					
GAAP Net Sales from continuing operations	\$ 252,635	\$ 252,862	\$ 258,282	\$ 248,280	\$ 1,012,059
Net sales from discontinued operations	\$ 5,003	\$ 5,254	\$ 5,046	\$ 4,814	\$ 20,117
Adjusted Distribution Segment sales	<u>\$ 257,638</u>	<u>\$ 258,116</u>	<u>\$ 263,328</u>	<u>\$ 253,094</u>	<u>\$ 1,032,176</u>
GAAP Operating Profit	\$ 12,314	\$ 14,166	\$ 12,925	\$ 11,155	\$ 50,560
% of sales	4.9%	5.6%	5.0%	4.5%	5.0%
Operating profit/(loss) from discontinued ops.	\$ 466	\$ 479	\$ 246	\$ (1,099)	\$ 92
Costs associated with disposal of disco. ops.	\$ -	\$ -	\$ -	\$ 1,490	\$ 1,490
Operating profit - Adjusted	<u>\$ 12,780</u>	<u>\$ 14,645</u>	<u>\$ 13,171</u>	<u>\$ 11,546</u>	<u>\$ 52,142</u>
% of sales	5.0%	5.7%	5.0%	4.6%	5.1%

Reconciliation of Non-GAAP Financial Information

Table 4. Distribution Segment 2011	Q1	Q2	Q3	Q4	Full Year
(\$000s)					
GAAP Net Sales from continuing operations	\$ 233,688	\$ 234,008	\$ 233,883	\$ 228,552	\$ 930,131
Net sales from discontinued operations	\$ 5,182	\$ 5,299	\$ 5,249	\$ 4,889	\$ 20,619
Adjusted Distribution Segment sales	<u>\$ 238,870</u>	<u>\$ 239,307</u>	<u>\$ 239,132</u>	<u>\$ 233,441</u>	<u>\$ 950,750</u>
GAAP Operating Profit	\$ 11,821	\$ 12,162	\$ 11,991	\$ 10,920	\$ 46,894
% of sales	5.1%	5.2%	5.1%	4.8%	5.0%
Operating profit/(loss) from discontinued ops.	\$ 294	\$ 474	\$ 261	\$ 222	\$ 1,251
Operating profit - Adjusted	<u>\$ 12,115</u>	<u>\$ 12,636</u>	<u>\$ 12,252</u>	<u>\$ 11,142</u>	<u>\$ 48,145</u>
% of sales	5.1%	5.3%	5.1%	4.8%	5.1%

Reconciliation of Non-GAAP Financial Information

Table 5. Net Earnings 2012	Q1	Q2	Q3	Q4	Full Year
(\$000s except per share amounts)					
GAAP Earnings from continuing operations *	\$ 9,092	\$ 16,118	\$ 14,784	\$ 13,934	\$ 53,928
GAAP Earnings from discontinued operations*	\$ 311	\$ 361	\$ 198	\$ (1,096)	\$ (226)
Resolution of Aerospace contract claim*				\$ 2,524	\$ 2,524
Aerospace contract claim settlement*			\$ 381		\$ 381
Severance related to Aerospace realignment*			\$ 361	\$ (79)	\$ 282
Costs associated with disposal of Cdna. Ops.*				\$ 1,103	\$ 1,103
Non-GAAP adjusted net earnings*	<u>\$ 9,403</u>	<u>\$ 16,479</u>	<u>\$ 15,724</u>	<u>\$ 16,386</u>	<u>\$ 57,992</u>
GAAP Earnings from continuing operations per common share - diluted *	\$ 0.35	\$ 0.61	\$ 0.55	\$ 0.52	\$ 2.03
GAAP Earnings from discontinued operations*	\$ 0.01	\$ 0.01	\$ 0.01	\$ (0.04)	\$ (0.01)
Resolution of Aerospace contract claim*				\$ 0.09	\$ 0.09
Aerospace contract claim settlement*			\$ 0.02		\$ 0.02
Severance related to Aerospace realignment*			\$ 0.01	\$ -	\$ 0.01
Costs associated with disposal of Cdna. Ops.*				\$ 0.04	\$ 0.04
Non-GAAP adjusted net earnings per common share - diluted *	<u>\$ 0.36</u>	<u>\$ 0.62</u>	<u>\$ 0.59</u>	<u>\$ 0.61</u>	<u>\$ 2.18</u>
* Net of tax					

Reconciliation of Non-GAAP Financial Information

Table 6. Net Earnings 2011	Q1	Q2	Q3	Q4	Full Year
(\$000s except per share amounts)					
GAAP Earnings from continuing operations *	\$ 13,916	\$ 13,566	\$ 12,710	\$ 9,736	\$ 49,928
GAAP Earnings from discontinued operations *	\$ 276	\$ 461	\$ 255	\$ 222	\$ 1,214
Non-recurring benefit associated with the death of a former executive *	\$ (1,900)				\$ (1,900)
FMU-143 litigation settlement *				\$ 3,971	\$ 3,971
Non-GAAP adjusted net earnings *	<u>\$ 12,292</u>	<u>\$ 14,027</u>	<u>\$ 12,965</u>	<u>\$ 13,929</u>	<u>\$ 53,213</u>
GAAP Earnings from continuing operations per common share - diluted *	\$ 0.53	\$ 0.51	\$ 0.48	\$ 0.37	\$ 1.88
Net earnings from discontinued operations*	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.05
Non-recurring benefit associated with the death of a former executive *	\$ (0.07)				\$ (0.07)
FMU-143 litigation settlement *				\$ 0.15	\$ 0.15
Non-GAAP adjusted net earnings per common share - diluted *	<u>\$ 0.47</u>	<u>\$ 0.53</u>	<u>\$ 0.49</u>	<u>\$ 0.53</u>	<u>\$ 2.01</u>
* Net of tax					