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

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **April 1, 2016**

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to ______

Commission File Number: 001-35419

KAMAN CORPORATION

(Exact name of registrant as specified in its charter)

Connecticut	**06-0613548**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1332 Blue Hills Avenue
Bloomfield, Connecticut 06002

(Address of principal executive offices) (Zip Code)

(860) 243-7100

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter)
during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No ☐

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

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

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

At April 29, 2016, there were 27,063,112 shares of Common Stock outstanding.

PART I

Item 1. Financial Statements
CONDENSED CONSOLIDATED BALANCE SHEETS
KAMAN CORPORATION AND SUBSIDIARIES
(In thousands, except share and per share amounts) (Unaudited)

	April 1, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 18,033	$ 16,462
Accounts receivable, net	252,217	238,102
Inventories	391,773	385,747
Income tax refunds receivable	561	3,591
Other current assets	32,507	32,133
Total current assets	695,091	676,035
Property, plant and equipment, net of accumulated depreciation of $209,023 and $202,648, respectively	177,878	175,586
Goodwill	358,509	352,710
Other intangible assets, net	142,211	144,763
Deferred income taxes	66,743	66,815
Other assets	23,520	23,702
Total assets	$ 1,463,952	$ 1,439,611
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 5,000	$ 5,000
Accounts payable – trade	127,157	121,044
Accrued salaries and wages	36,080	40,284
Advances on contracts	14,825	11,274
Other accruals and payables	67,855	58,761
Income taxes payable	537	326
Total current liabilities	251,454	236,689
Long-term debt, excluding current portion	442,730	434,227
Deferred income taxes	15,003	15,207
Underfunded pension	146,061	158,984
Other long-term liabilities	52,658	51,427
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Preferred stock, $1 par value, 200,000 shares authorized; none outstanding	—	—
Common stock, $1 par value, 50,000,000 shares authorized; voting; 27,861,979 and 27,735,757 shares issued, respectively	27,862	27,736
Additional paid-in capital	160,510	156,803
Retained earnings	525,769	520,865
Accumulated other comprehensive income (loss)	(131,477)	(140,138)
Less 807,394 and 698,183 shares of common stock, respectively, held in treasury, at cost	(26,618)	(22,189)
Total shareholders' equity	556,046	543,077
Total liabilities and shareholders' equity	$ 1,463,952	$ 1,439,611

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
Net sales	$ 451,198	$ 442,782
Cost of sales	316,768	314,871
Gross profit	134,430	127,911
Selling, general and administrative expenses	116,108	105,554
Net (gain)/loss on sale of assets	(28)	27
Operating income	18,350	22,330
Interest expense, net	3,807	3,327
Other expense (income), net	86	(64)
Earnings before income taxes	14,457	19,067
Income tax expense	4,680	6,318
Net earnings	$ 9,777	$ 12,749
Earnings per share:		
Basic earnings per share	$ 0.36	$ 0.47
Diluted earnings per share	$ 0.35	$ 0.46
Average shares outstanding:		
Basic	27,059	27,188
Diluted	27,806	27,878
Dividends declared per share	$ 0.18	$ 0.18

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
KAMAN CORPORATION AND SUBSIDIARIES
(In thousands) (Unaudited)

	For the Three Months Ended	
	April 1, 2016	**April 3, 2015**
Net earnings	$ 9,777	$ 12,749
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	7,213	(5,460)
Unrealized (loss) gain on derivative instruments, net of tax benefit (expense) of $337 and ($45), respectively	(557)	75
Change in pension and post-retirement benefit plan liabilities, net of tax expense of $1,213 and $961, respectively	2,005	1,588
Other comprehensive income (loss)	8,661	(3,797)
Comprehensive income	$ 18,438	$ 8,952

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months Ended	
	April 1, 2016	**April 3, 2015**
Cash flows from operating activities:		
Net earnings	$ 9,777	$ 12,749
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,920	9,370
Accretion of convertible notes discount	526	499
Provision for doubtful accounts	218	628
Net (gain)/loss on sale of assets	(28)	27
Net loss on derivative instruments	374	136
Stock compensation expense	1,494	1,605
Excess tax benefit from share-based compensation arrangements	(170)	(168)
Deferred income taxes	(1,901)	(973)
Changes in assets and liabilities, excluding effects of acquisitions/divestitures:		
Accounts receivable	(13,732)	16,854
Inventories	(5,715)	(7,109)
Income tax refunds receivable	3,035	—
Other current assets	(546)	(2,217)
Accounts payable - trade	4,732	10,754
Accrued contract losses	216	(111)
Advances on contracts	3,551	284
Other accruals and payables	2,473	(7,329)
Income taxes payable	(399)	5,319
Pension liabilities	(9,774)	(8,075)
Other long-term liabilities	676	464
Net cash provided by operating activities	5,727	32,707
Cash flows from investing activities:		
Proceeds from sale of assets	116	25
Expenditures for property, plant & equipment	(7,624)	(7,195)
Acquisition of businesses (net of cash acquired)	(64)	(10,956)
Other, net	(501)	(575)
Cash used in investing activities	(8,073)	(18,701)
Cash flows from financing activities:		
Net borrowings (repayments) under revolving credit agreements	10,143	(8,509)
Debt repayment	(1,250)	(2,500)
Net change in book overdraft	1,567	(913)
Proceeds from exercise of employee stock awards	2,339	911
Purchase of treasury shares	(4,427)	(671)
Dividends paid	(4,871)	(4,341)
Other	(92)	—
Windfall tax benefit	170	168
Cash provided by (used in) financing activities	3,579	(15,855)
Net increase (decrease) in cash and cash equivalents	1,233	(1,849)
Effect of exchange rate changes on cash and cash equivalents	338	(495)
Cash and cash equivalents at beginning of period	16,462	12,411
Cash and cash equivalents at end of period	$ 18,033	$ 10,067

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The December 31, 2015, Condensed Consolidated Balance Sheet amounts have been derived from the previously audited Consolidated Balance Sheet of Kaman Corporation and subsidiaries (collectively, the “Company”), but do not include all disclosures required by accounting principles generally accepted in the United States of America ("US GAAP"). In the opinion of management, the condensed consolidated financial information reflects all adjustments necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature, unless otherwise disclosed in this report. The statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. The results of operations for the interim periods presented are not necessarily indicative of trends or of results to be expected for the entire year.

The Company has a calendar year-end; however, its first three fiscal quarters follow a 13-week convention, with each quarter ending on a Friday. The first quarters for 2016 and 2015 ended on April 1, 2016, and April 3, 2015, respectively.

2. RECENT ACCOUNTING STANDARDS

In March 2016, the FASB issued ASU 2016-09, “Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting.” The objective of this standard is to simplify several aspects of the accounting for share based payment transactions, including, but not limited to, income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently assessing the potential impact of this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, “Revenue from Contracts with Customers (Topic 606) - Principal versus Agent Considerations (Reporting Revenue Gross versus Net).” The objective of this standard update is to eliminate inconsistent practices with regards to the application of principal versus agent guidance. The amendments in this update affect the guidance for ASU 2014-09 and ASU 2015-14. The provisions of ASU 2016-08 will be effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted for annual periods beginning after December 15, 2016. The Company is currently assessing the potential impact of this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, “Investments - Equity Method and Joint Ventures (Topic 323) - Simplifying the Transition to the Equity Method of Accounting.” This standard update eliminates the requirement to retroactively adopt the equity method of accounting when an investment qualifies for use of the equity method. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Earlier adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, “Derivatives and Hedging (Topic 815) - Contingent Put and Call Options in Debt Instruments.” The objective of this standard update is to eliminate inconsistent practices with regards to assessing embedded contingent put and call options in debt instruments. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-05, “Derivatives and Hedging (Topic 815) - Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships.” The objective of this standard update is to clarify whether a change in the counterparty to a derivative instrument results in a requirement to dedesignate that hedging relationship and discontinue the application of hedge accounting. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” The objective of this standard update is to provide a complete and understandable representation of an entity’s leasing activities. This standard requires that lease assets and lease liabilities be recognized on the balance sheet and all key information about leasing arrangements be disclosed. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently assessing the potential impact of this standard on its consolidated financial statements.

2. RECENT ACCOUNTING STANDARDS (CONTINUED)

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments - Overall (Subtopic 825-10) - Recognition and Measurement of Financial Assets and Financial Liabilities.” The objective of this standard update is to remove inconsistent practices with regards to the accounting for financial instruments between US GAAP and International Financial Reporting Standards (“IFRS”). The standard intends to improve the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2017. The Company does not expect these changes to have a material impact on its consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, “Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments.” This ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The standard became effective the first quarter of fiscal year 2016. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements for the quarter ended April 1, 2016.

In August 2015, the FASB issued ASU 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,” which amends ASC 835-30, “Interest - Imputation of Interest”. The ASU clarifies the presentation and subsequent measurement of debt issuance costs associated with lines of credit. These costs may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. The standard became effective the first quarter of fiscal year 2016. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330) - Simplifying the Measurement of Inventory." ASU 2015-11 requires an entity to measure inventory within the scope of the standard at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those years. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU No. 2015-03 amends the FASB Accounting Standards Codification (the "Codification") to require that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related liability. Such treatment is consistent with the current presentation of debt discounts or premiums. As it stood prior to amendment, debt issuance costs were reported in the balance sheet as an asset (i.e., a deferred charge), whereas debt discounts and premiums were, and remain, reported as deductions from or additions to the debt itself. Recognition and measurement guidance for debt issuance costs is not affected by this amendment to the Codification. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810)." ASU 2015-02 focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of this standard did not have a material impact on the Company's consolidated financial statements for the quarter ended April 1, 2016, and is not expected to have a material impact on the Company's consolidated financial statements in the future.

In January 2015, the FASB issued ASU No. 2015-01, "Income Statement - Extraordinary and Unusual Items (Subtopic 225-20)." The new standard eliminates the concept of extraordinary items and their segregation from the results of ordinary operations and expands presentation and disclosure guidance to include items that are both unusual in nature and occur infrequently. The new standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of this standard did not have a material impact on the Company's consolidated financial statements for the quarter ended April 1, 2016, and is not expected to have a material impact on the Company's financial statements in the future.

2. RECENT ACCOUNTING STANDARDS (CONTINUED)

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (ASC Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The new standard provides guidance regarding management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new standard is effective for fiscal years, and interim periods within those fiscal years, ending after December 15, 2016. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation (ASC Topic 718) - Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could Be Achieved after the Requisite Service Period." The objective of this standard update is to eliminate inconsistent practices with regards to the accounting treatment of share-based payment awards. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2015. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)." The objective of this standard update is to remove inconsistent practices with regards to revenue recognition between US GAAP and IFRS. The standard intends to improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. On August 12, 2015, the FASB issued ASU No. 2015-14, deferring the effective date by one year for ASU No. 2014-09. The provisions of ASU No. 2014-09 will be effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted for annual periods beginning after December 15, 2016. The Company is currently assessing the potential impact of this standard on its consolidated financial statements.

3. RESTRUCTURING COSTS

During the fourth quarter of 2015, the Company initiated restructuring activities at its Distribution segment in order to align the cost structure of the organization to its current revenue levels. Such actions included workforce reductions and the consolidation of field operations where its Distribution segment had multiple facilities in the same location.

The restructuring resulted in net workforce reductions of 60 employees and the Company's exit from four facilities. As of December 31, 2015, we had communicated the workforce reductions to all affected employees. The Company accrued all workforce reduction costs and facility exit related costs during 2015.

The following table summarizes the accrual balances by cost type for the 2015 restructuring actions:

	Severance	Other [a]	Total
In thousands			
Restructuring accrual balance at December 31, 2015	$ 654	$ 375	$ 1,029
Provision	(38)	6	(32)
Cash payments	(492)	(381)	(873)
Restructuring accrual balance at April 1, 2016	$ 124	$ —	$ 124

(a) Includes costs associated with consolidation of facilities

The above accrual balance associated with severance is included in "Accrued salaries and wages" on the Company's Condensed Consolidated Balance Sheet.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

In thousands	April 1, 2016	December 31, 2015
Trade receivables	$ 156,480	$ 144,616
U.S. Government contracts:		
Billed	16,655	20,289
Costs and accrued profit – not billed	2,341	4,248
Commercial and other government contracts:		
Billed	72,111	68,066
Costs and accrued profit – not billed	7,496	3,872
Less allowance for doubtful accounts	(2,866)	(2,989)
Accounts receivable, net	$ 252,217	$ 238,102

Accounts receivable, net includes amounts for matters such as contract changes, negotiated settlements and claims for unanticipated contract costs. These amounts are as follows:

In thousands	April 1, 2016	December 31, 2015
Contract changes, negotiated settlements and claims for unanticipated contract costs	$ 900	$ 900

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

The following table presents the carrying value and fair value of financial instruments that are not carried at fair value:

	April 1, 2016		December 31, 2015	
In thousands	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt:				
Level 1	$ 111,584	$ 148,452	$ 111,058	$ 140,156
Level 2	337,569	316,126	329,763	305,681
Total	$ 449,153	$ 464,578	$ 440,821	$ 445,837

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The above fair values were computed based on quoted market prices (Level 1) and discounted future cash flows (Level 2 observable inputs), as applicable. Differences from carrying values are attributable to interest rate changes subsequent to when the transactions occurred.

The fair values of Cash and cash equivalents, Accounts receivable, net, Notes payable, and Accounts payable - trade approximate their carrying amounts due to the short-term maturities of these instruments.

Recurring Fair Value Measurements

The Company holds derivative instruments for foreign exchange contracts and interest rate swaps that are measured at fair value using observable market inputs such as forward rates and our counterparties' credit risks. Based on these inputs, the derivative instruments are classified within Level 2 of the valuation hierarchy and have been included in other accruals and payables and other long-term liabilities on the Condensed Consolidated Balance Sheet at April 1, 2016, and December 31, 2015. Based on the Company's continued ability to trade and enter into forward contracts and interest rate swaps, we consider the markets for our fair value instruments to be active. The activity related to these contracts was not material to the Company's Condensed Consolidated Financial Statements as of and for the three-month fiscal periods ended April 1, 2016, and April 3, 2015.

The Company evaluated the credit risk associated with the counterparties to these derivative instruments and determined that as of April 1, 2016, such credit risks have not had an adverse impact on the fair value of these instruments.

6. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to certain risks relating to its ongoing business operations, including market risks relating to fluctuations in foreign currency exchange rates and interest rates. Derivative financial instruments are recognized on the Condensed Consolidated Balance Sheets as either assets or liabilities and are measured at fair value. Changes in the fair values of derivatives are recorded each period in earnings or accumulated other comprehensive income, depending on whether a derivative is effective as part of a hedged transaction. Gains and losses on derivative instruments reported in accumulated other comprehensive income are subsequently included in earnings in the periods in which earnings are affected by the hedged item. The Company does not use derivative instruments for speculative purposes.

The Company holds forward exchange contracts designed to hedge forecasted transactions denominated in foreign currencies and to minimize the impact of foreign currency fluctuations on the Company's earnings and cash flows. Some of these contracts are designated as cash flow hedges. The Company will include in earnings amounts currently included in accumulated other comprehensive income upon recognition of cost of sales related to the underlying transaction. These contracts and the activity related to these contracts were not material to the Company's Condensed Consolidated Financial Statements as of and for the three-month fiscal periods ended April 1, 2016, and April 3, 2015.

The Term Loan Facility of the Company's Credit Agreement ("Term Loan") contains floating rate obligations and is subject to interest rate fluctuations. During 2015, the Company entered into interest rate swap agreements for the purposes of hedging the eight quarterly variable-rate Term Loan interest payments due in 2016 and 2017. Additionally, the Company entered into interest rate swap agreements to effectively convert $83.8 million of our variable rate revolving credit facility debt to a fixed interest rate. These interest rate swap agreements were designated as cash flow hedges and intended to manage interest rate risk associated with our variable-rate borrowings and minimize the impact on our earnings and cash flows of interest rate fluctuations attributable to changes in LIBOR rates. At April 1, 2016, and December 31, 2015, $1.0 million and $0.1 million, respectively, was included in other accruals and payables and other long-term liabilities for the fair value of these interest rate swap agreements.

During the second quarter of 2014, the Company entered into forward exchange contracts designed to hedge forecasted transactions denominated in foreign currencies and to minimize the impact of foreign currency fluctuations on the Company's earnings and cash flows. These contracts were entered into as a result of forecasted foreign currency transactions associated with the New Zealand contract to deliver ten SH-2G(I) aircraft and were designated as cash flow hedges. During the third quarter of 2014, the Company dedesignated these forward contracts, due to a change in the timing of payments. These contracts and the activity related to these contracts were not material to the Company's Condensed Consolidated Financial Statements as of and for the three-month fiscal periods ended April 1, 2016, and April 3, 2015.

7. INVENTORIES

Inventories consist of the following:

In thousands	April 1, 2016	December 31, 2015
Merchandise for resale	$ 158,275	$ 161,691
Raw materials	25,016	24,721
Contracts and other work in process	184,948	176,130
Finished goods (including certain general stock materials)	23,534	23,205
Total	$ 391,773	$ 385,747

Inventories include amounts associated with matters such as contract changes, negotiated settlements and claims for unanticipated contract costs. These amounts are as follows:

In thousands	April 1, 2016	December 31, 2015
Contract changes, negotiated settlements and claims for unanticipated contract costs	$ 7,697	$ 7,137

K-MAX® inventory of $15.0 million and $14.9 million as of April 1, 2016, and December 31, 2015, respectively, is included in contracts and other work in process inventory and finished goods. Management believes that a significant portion of this K-MAX® inventory will be sold after April 1, 2017, based upon the anticipation of additional aircraft manufacturing and supporting the fleet for the foreseeable future.

At April 1, 2016, and December 31, 2015, $8.6 million and $9.0 million, respectively, of SH-2G(I) inventory was included on the Company's Condensed Consolidated Balance Sheet in contracts and other work in process inventory. Management believes that approximately $4.8 million of the SH-2G(I) inventory will be sold after April 1, 2017. This balance represents spares requirements and inventory to be used on SH-2G programs.

Long-term Contracts

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

Revenue and cost estimates for all significant long-term contracts for which revenue is recognized using the percentage-of-completion method of accounting are reviewed and reassessed quarterly. Based upon these reviews, the Company records the effects of adjustments in profit estimates each period. If at any time the Company determines that in the case of a particular contract total costs will exceed total contract revenue, the Company will record a provision for the entire anticipated contract loss at that time. For the three-month fiscal period ended April 1, 2016, there was a net decrease in the Company's operating income attributable to changes in contract estimates of $1.0 million. This was primarily a result of cost growth on the Boeing 767/777 program. There was a net increase in the Company's operating income from changes in contract estimates of $1.8 million for the three-month fiscal period ended April 3, 2015. This increase was primarily a result of improved performance on the JPF program.

8. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following table sets forth the change in the carrying amount of goodwill for each reportable segment and for the Company:

In thousands	Distribution	Aerospace	Total
Gross balance at December 31, 2015	$ 149,204	$ 219,758	$ 368,962
Accumulated impairment	—	(16,252)	(16,252)
Net balance at December 31, 2015	149,204	203,506	352,710
Additions	—	2,138	2,138
Impairments	—	—	—
Foreign currency translation	—	3,661	3,661
Ending balance at April 1, 2016	$ 149,204	$ 209,305	$ 358,509

Additions to goodwill for the Company's Aerospace segment primarily relate to an earnout payment associated with a previous acquisition.

Other intangible assets consisted of:

		At April 1, 2016		At December 31, 2015	
In thousands	Amortization Period	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer lists / relationships	6-26 years	$ 159,204	$ (44,134)	$ 158,831	$ (41,445)
Developed technologies	10-20 years	19,677	(494)	19,055	(154)
Trademarks / trade names	3-15 years	8,716	(2,740)	8,478	(2,556)
Non-compete agreements and other	1-9 years	8,286	(6,409)	8,453	(6,006)
Patents	17 years	523	(418)	523	(416)
Total		$ 196,406	$ (54,195)	$ 195,340	$ (50,577)

The changes in other intangible assets are primarily attributable to changes in foreign currency exchange rates.

9. PENSION PLANS

Components of net pension cost for the Qualified Pension Plan and Supplemental Employees' Retirement Plan ("SERP") are as follows:

	For the Three Months Ended			
	Qualified Pension Plan		SERP	
In thousands	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Service cost	$ 1,149	$ 3,533	$ —	$ 52
Interest cost on projected benefit obligation	6,122	6,878	64	79
Expected return on plan assets	(10,192)	(11,032)	—	—
Amortization of prior service cost	—	14	—	—
Amortization of net loss	3,173	2,480	45	55
Net pension cost	$ 252	$ 1,873	$ 109	$ 186

9. PENSION PLANS (CONTINUED)

The Company contributed $10.0 million to the qualified pension plan and $0.1 million to the SERP through the end of the first quarter. There are no further contributions expected to be made to the qualified pension plan during 2016. The Company plans to contribute an additional $0.4 million to the SERP in 2016. For the 2015 plan year, the Company contributed $10.0 million to the qualified pension plan and $0.5 million to the SERP.

10. COMMITMENTS AND CONTINGENCIES

Pension Freeze

Effective December 31, 2015, the Company's qualified pension plan was frozen with respect to future benefit accruals. Under U.S. Government Cost Accounting Standard (“CAS”) 413 the Company must determine the U.S. Government’s share of any pension curtailment adjustment calculated in accordance with CAS. Such adjustments can result in an amount due to the U.S. Government for pension plans that are in a surplus position or an amount due to the contractor for plans that are in a deficit position. The Company is unable to make a determination at this time as to the financial implications the U.S. Government's share in this curtailment adjustment will have, if any, on the Company's consolidated balance sheet and results of operations. Based upon the analysis completed thus far, no accrual has been recorded as of April 1, 2016.

AH-1Z Program

In February 2016, the Company reached an agreement with its customer that modified the scope of the AH-1Z contract and which, among other things, resolved outstanding claims associated with this program. The Company agreed to pay its customer $4.0 million, all of which had been accrued as of the end of 2015. The Company will receive $4.3 million from its customer, the retention of this amount being contingent on the resolution of certain contractual matters. If these contractual matters are not satisfactorily resolved, we may be required to reimburse our customer for all or a portion of this amount. The Company has included this amount in its current estimate of contract revenue, as the Company believes the favorable resolution of this contractual matter is probable. Given the current volume of firm orders, the Company estimates the contract to be a zero margin program, taking into consideration the $2.8 million of G&A costs capitalized in inventory associated with this contract.

New Hartford Property

In connection with the sale of the Company’s Music segment in 2007, the Company assumed responsibility for meeting certain requirements of the Connecticut Transfer Act (the “Transfer Act”) that applied to the transfer of the New Hartford, Connecticut, facility leased by that segment for guitar manufacturing purposes (“Ovation”). Under the Transfer Act, those responsibilities essentially consist of assessing the site's environmental conditions and remediating environmental impairments, if any, caused by Ovation's operations prior to the sale. The site is a multi-tenant industrial park, in which Ovation and other unrelated entities lease space. The environmental assessment process, which began in 2008, has been completed and site remediation is in process.

The Company's estimate of its portion of the cost to assess the environmental conditions and remediate this site is $2.3 million, all of which has been accrued. The total amount paid to date in connection with these environmental remediation activities is $1.5 million. A portion ($0.1 million) of the accrual related to this property is included in other accruals and payables and the balance is included in other long-term liabilities. The remaining balance of the accrual reflects the total anticipated cost of completing these environmental remediation activities. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is unable to estimate the amount of such additional costs, if any, at this time.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Bloomfield Property

In connection with the Company’s 2008 purchase of the portion of the Bloomfield campus that a Company subsidiary had leased from the Naval Air Systems Command ("NAVAIR"), the Company assumed responsibility for environmental remediation at the facility as may be required under the Transfer Act and continues the effort to define the scope of the remediation that will be required by the Connecticut Department of Energy & Environmental Protection. The assumed environmental liability of $10.3 million, all of which has been accrued, was determined by taking the undiscounted estimated remediation liability of $20.8 million and discounting it at a rate of 8%. This remediation process will take many years to complete. The total amount paid to date in connection with these environmental remediation activities is $11.4 million. At April 1, 2016, the Company has $3.5 million accrued for this environmental matter. A portion ($0.6 million) of the accrual related to this property is included in other accruals and payables, and the balance ($2.9 million) is included in other long-term liabilities. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is unable to estimate the amount of such additional costs, if any, at this time.

Rimpar Property

In connection with the Company's purchase of GRW Bearings, the Company assumed responsibility for the environmental remediation of GRW's Rimpar, Germany facility. As part of the purchase price allocation, the Company accrued approximately €3.8 million for this remediation effort. A portion (€0.3 million) of the accrual related to this property is included in other accruals and payables and the balance is included in other long-term liabilities. We are currently in the process of initiating a Phase II assessment in order to better understand the extent of the environmental effort necessary to remediate the facility. Although it is reasonably possible that additional costs will be paid in connection with the resolution of this matter, the Company is unable to estimate the amount of such additional costs, if any, at this time.

Other Environmental Matters

The Company has been notified by the Environmental Protection Agency that it is a potentially responsible party ("PRP") at a Superfund Site in Rhode Island. At April 1, 2016, the Company had no amount accrued for this matter, as it is unable to estimate the amount of costs, if any, that might be incurred in connection with the remediation of this site. In making this determination, the Company considered all available information related to the site; specifically, the continued identification of PRPs and the inability to determine the proportion of total responsibility attributable to each PRP at this time. As more information is received, the Company will reassess its ability to estimate its portion of the cost for remediation, taking into consideration the financial resources of other PRPs involved in the site, their proportionate share of the total responsibility for waste at the site, the existence of insurance and the financial viability of the insurer.

11. COMPUTATION OF EARNINGS PER SHARE

The computation of basic earnings per share is based on net earnings divided by the weighted average number of shares of common stock outstanding for each period. The computation of diluted earnings per share reflects the common stock equivalency of dilutive options granted to employees under the Company's stock incentive plan and shares issuable on redemption of its Convertible Notes.

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
In thousands, except per share amounts		
Net earnings	$ 9,777	$ 12,749
Basic:		
Weighted average number of shares outstanding	27,059	27,188
Basic earnings per share	$ 0.36	$ 0.47
Diluted:		
Weighted average number of shares outstanding	27,059	27,188
Weighted average shares issuable on exercise of dilutive stock options	135	137
Weighted average shares issuable on redemption of convertible notes	612	553
Total	27,806	27,878
Diluted earnings per share	$ 0.35	$ 0.46

Equity awards

For the three-month fiscal periods ended April 1, 2016, and April 3, 2015, respectively, 663,302 and 501,263 shares issuable under equity awards granted to employees were excluded from the calculation of diluted earnings per share as they were anti-dilutive based on the average stock price during the period.

Convertible Notes

In November 2010, the Company issued Convertible Notes due on November 15, 2017, in the aggregate principal amount of $115.0 million. The Convertible Notes will mature on November 15, 2017, unless earlier redeemed, repurchased by the Company or converted. Upon conversion, the Convertible Notes require net share settlement, where the aggregate principal amount of the notes will be paid in cash and remaining amounts due, if any, will be settled in cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election.

For the three-month fiscal periods ended April 1, 2016, and April 3, 2015, respectively, shares issuable under the Convertible Notes that were dilutive during the period were included in the calculation of earnings per share as the conversion price for the Convertible Notes was less than the average share price of the Company's stock.

Warrants

Excluded from the diluted earnings per share calculation for the three-month fiscal periods ended April 1, 2016, and April 3, 2015, are 3,430,992 and 3,417,392 shares, respectively, issuable under the warrants sold in connection with the Company’s convertible note offering as they would be anti-dilutive.

12. SHARE-BASED ARRANGEMENTS

General

The Company accounts for stock options, restricted stock awards, restricted stock units and performance shares as equity awards and measures the cost of all share-based payments, including stock options, at fair value on the grant date and recognizes this cost in the statement of operations. The Company also has an employee stock purchase plan which is accounted for as a liability award.

Compensation expense for stock options, restricted stock awards and restricted stock units is recognized on a straight-line basis over the vesting period of the awards. Share-based compensation expense recorded for the three-month fiscal periods ended April 1, 2016, and April 3, 2015, was $1.5 million and $1.6 million, respectively.

During the first quarter of 2015, the Company issued stock awards with market and performance based conditions, bringing the total of these shares to 8,238, assuming a 100% achievement level. The Company measures the cost of these awards based on their grant date fair value to the extent of the probable number of shares to be earned upon vesting. Amortization of this cost is recorded on a straight-line basis over the requisite service period. Throughout the course of the requisite service period, the Company monitors the level of achievement compared to the target and adjusts the number of shares expected to be earned, and the related compensation expense recorded thereafter, to reflect the updated most probable outcome. Compensation expense for these awards for the three-month fiscal periods ended April 1, 2016, and April 3, 2015, was not material.

Stock option activity was as follows:

	For the Three Months Ended April 1, 2016	
	Options	**Weighted - average exercise price**
Options outstanding at beginning of period	1,040,036	$ 33.22
Granted	230,197	$ 42.86
Exercised	(49,363)	$ 30.56
Forfeited or expired	(4,575)	$ 34.64
Options outstanding at April 1, 2016	1,216,295	$ 35.14

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

	For the Three Months Ended	
	April 1, 2016	**April 3, 2015**
Expected option term (years)	5.2	5.1
Expected volatility	26.0%	29.0%
Risk-free interest rate	1.2%	1.6%
Expected dividend yield	1.8%	1.6%
Per share fair value of options granted	$ 8.63	$ 9.28

12. SHARE-BASED ARRANGEMENTS (CONTINUED)

Restricted Stock Award and Restricted Stock Unit activity was as follows:

	For the Three Months Ended April 1, 2016	
	Restricted Stock	Weighted-average grant date fair value
Restricted Stock outstanding at beginning of period	183,543	$ 37.80
Granted	57,520	$ 42.77
Vested	(57,237)	$ 36.12
Forfeited or expired	(1,038)	$ 37.83
Restricted Stock outstanding at April 1, 2016	182,788	$ 39.90

13. SEGMENT AND GEOGRAPHIC INFORMATION

The Company is organized based upon the nature of its products and services, and is composed of two operating segments each overseen by a segment manager. These segments are reflective of how the Company's Chief Executive Officer, who is its Chief Operating Decision Maker ("CODM"), reviews operating results for the purposes of allocating resources and assessing performance. The Company has not aggregated operating segments for purposes of identifying reportable segments.

The Distribution segment is a leading power transmission, motion control, and fluid power industrial distributor with operations throughout the United States. Distribution conducts business in the mechanical power transmission and bearings, electrical, automation and control, and fluid power product platforms and provides total solutions from system design and integration to machine parts and value-added services to the manufacturing industry.

The Aerospace segment produces and/or markets widely used proprietary aircraft bearings and components; super precision miniature ball bearings; complex metallic and composite aerostructures for commercial, military and general aviation fixed and rotary wing aircraft; safe and arm solutions for missile and bomb systems for the U.S. and allied militaries; subcontract helicopter work; restoration, modification and support of the Company's SH-2G Super Seasprite maritime helicopters; manufacture and support of the Company's K-MAX® medium-to-heavy lift helicopters aircraft; and engineering services.

Summarized financial information by business segment is as follows:

	For the Three Months Ended	
In thousands	April 1, 2016	April 3, 2015
Net sales:		
Distribution	$ 288,664	$ 311,471
Aerospace	162,534	131,311
Net sales	$ 451,198	$ 442,782
Operating income:		
Distribution	$ 10,469	$ 12,964
Aerospace	21,297	21,821
Net gain/(loss) on sale of assets	28	(27)
Corporate expense	(13,444)	(12,428)
Operating income	18,350	22,330
Interest expense, net	3,807	3,327
Other expense (income), net	86	(64)
Earnings before income taxes	14,457	19,067
Income tax expense	4,680	6,318
Net earnings	$ 9,777	$ 12,749

14. SHAREHOLDERS' EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in shareholders' equity for the three-month fiscal periods ended April 1, 2016, and April 3, 2015, were as follows:

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
In thousands		
Beginning balance	$ 543,077	$ 517,665
Comprehensive income	18,438	8,952
Dividends declared	(4,875)	(4,895)
Employee stock plans and related tax benefit	2,339	911
Purchase of treasury shares	(4,427)	(671)
Share-based compensation expense	1,494	1,605
Ending balance	$ 556,046	$ 523,567

The components of accumulated other comprehensive income (loss) are shown below:

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
In thousands		
Foreign currency translation:		
Beginning balance	$ (22,625)	$ (20,676)
Net gain/(loss) on foreign currency translation	7,213	(5,460)
Reclassification to net income	—	—
Other comprehensive income/(loss), net of tax	7,213	(5,460)
Ending balance	$ (15,412)	$ (26,136)
Pension and other post-retirement benefits[a]:		
Beginning balance	$ (117,455)	$ (105,264)
Reclassifications to net income:		
Amortization of prior service cost, net of tax expense of $0 and $5, respectively	—	9
Amortization of net loss, net of tax expense of $1,213 and $956, respectively	2,005	1,579
Other comprehensive income/(loss), net of tax	2,005	1,588
Ending balance	$ (115,450)	$ (103,676)
Derivative instruments[b]:		
Beginning balance	$ (58)	$ (321)
Net loss on derivative instruments, net of tax benefit of $437 and $28, respectively	(722)	(45)
Reclassification to net income, net of tax expense of $100 and $73, respectively	165	120
Other comprehensive income/(loss), net of tax	(557)	75
Ending balance	$ (615)	$ (246)
Total accumulated other comprehensive income (loss)	$ (131,477)	$ (130,058)

[a] These accumulated other comprehensive income components are included in the computation of net periodic pension cost. (See Note 9, *Pension Plans* for additional information.)
[b] See Note 6, *Derivative Financial Instruments*, for additional information regarding our derivative instruments.

15. INCOME TAXES

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
Effective Income Tax Rate	32.4%	33.1%

The effective income tax rate represents the combined federal, state and foreign tax effects attributable to pretax earnings for the period. The lower effective tax rate for the three-month fiscal period ended April 1, 2016, as compared with the U.S. statutory rate of 35% is primarily due to certain discrete items in the quarter, the most significant of which resulted from adjustments to foreign provisions for taxes and actual foreign tax returns filed. The lower effective rate for the three-month fiscal period ended April 3, 2015, as compared with the U.S. statutory rate of 35% was primarily due to favorable adjustments related to amended returns, as well as additional deductions for domestic production activities.

16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the issuance date of these financial statements. No material subsequent events were identified that required disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide readers of our condensed consolidated financial statements with the perspectives of management. It presents, in narrative and tabular form, information regarding our financial condition, results of operations, liquidity and certain other factors that may affect our future results, and is designed to enable the readers of this report to obtain an understanding of our businesses, strategies, current trends and future prospects. It should be read in conjunction with our 2015 Annual Report on Form 10-K and the condensed consolidated financial statements included in Item 1 of this Form 10-Q.

OVERVIEW OF BUSINESS

Kaman Corporation (the "Company") is comprised of two business segments:

- The Distribution segment is a leading power transmission, motion control, electrical and automation, and fluid power industrial distributor with operations throughout the United States. We provide products including bearings, mechanical and electrical power transmission, fluid power, motion control, automation, material handling components, electrical control and power distribution, and MRO supplies to a broad spectrum of industrial markets throughout the United States.
- The Aerospace segment produces and/or markets proprietary aircraft bearings and components; super precision, miniature ball bearings; complex metallic and composite aerostructures for commercial, military and general aviation fixed and rotary wing aircraft; safe and arming solutions for missile and bomb systems for the U.S. and allied militaries; design and supply of aftermarket parts to businesses performing maintenance, repairs and overhauls in aerospace markets; subcontract helicopter work; restoration, modification and support of our SH-2G Super Seasprite maritime helicopters; manufacture and support of our K-MAX® manned and unmanned medium-to-heavy lift helicopters; and engineering design, analysis and certification services.

Financial performance

- Net sales increased 1.9% for the three-month fiscal period ended April 1, 2016, compared to the comparable fiscal period in the prior year.
- Net earnings decreased 23.3% for the three-month fiscal period ended April 1, 2016, compared to the comparable fiscal period in the prior year.
- Diluted earnings per share decreased to $0.35, a decrease of $0.11, or 23.9% for the three-month fiscal period ended April 1, 2016, compared to the comparable fiscal period in the prior year.
- Cash flows provided by operating activities for the three-month fiscal period ended April 1, 2016, were $5.7 million, $27.0 million less than the comparable fiscal period in the prior year.

Recent events

- In February 2016, the Company reached an agreement with our customer that modified the scope of our AH-1Z contract and which, among other things, resolved outstanding claims associated with this program.
- On January 14, 2016, the Company announced that its Aerospace segment was awarded a five-year contract extension on the Airbus A330 Long Range program for the supply of the Upper and Lower Wing panels to Spirit AeroSystems Europe. This extends A330 Long Range program deliveries to 2020.
- On January 5, 2016, the Company announced that its Aerospace segment was awarded a direct commercial sales order for the procurement of Joint Programmable Fuzes ("JPF") with a total value of $93.0 million. Delivery of these orders is anticipated to occur in 2016 and 2017.

Outlook

We are reaffirming our full-year outlook for 2016, as follows:

- Distribution:
    - Sales of $1,125.0 million to $1,165.0 million
    - Operating margins of 4.4% to 4.6%
    - Adjusted EBITDA margin of 5.8% to 6.0%
- Aerospace:
    - Sales of $700.0 million to $720.0 million
    - Operating margin of 17.5% to 17.8%, or 18.3% to 18.6%, when adjusted for $5.5 million of transaction and integration costs in 2016 associated with the 2015 acquisitions
    - Adjusted EBITDA margin of 21.8% to 22.0%
- Interest expense of approximately $16.0 million
- Corporate expenses of approximately $55.0 million
- Estimated annualized tax rate of approximately 34.5%
- Depreciation and amortization expense of approximately $45.0 million
- Capital expenditures of $30.0 million to $40.0 million
- Free cash flow in the range of $50.0 million to $60.0 million

The following table illustrates the calculation of "Free Cash Flow", a Non-GAAP financial measure:

	2016 Outlook				
In millions					
Free Cash Flow[a]:					
Net cash provided by operating activities	$	80.0	to	$	100.0
Expenditures for property, plant and equipment		30.0	to		40.0
Free Cash Flow	$	50.0	to	$	60.0

[a] Free Cash Flow, a non-GAAP financial measure, is defined as net cash provided by operating activities less expenditures for property, plant and equipment, both of which are presented in our consolidated statements of cash flows. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures.

The following table reconciles our GAAP operating margin outlook for Aerospace for 2016 to our Adjusted operating margin outlook for Aerospace for 2016:

	2016 Outlook		
Adjusted Operating Margin[a]:	Low End of Range		High End of Range
Aerospace			
GAAP operating margin	17.5%	to	17.8%
Transaction and integration costs as a percentage of sales	0.8%	to	0.8%
Adjusted operating margin	18.3%	to	18.6%

[a] Non-GAAP adjusted operating income is defined as operating income, less items that are not indicative of the operating performance of the Company's segments or corporate for the period presented. Management uses Non-GAAP adjusted operating income to evaluate performance period over period, to analyze the underlying trends impacting our segments and corporate function and to assess their performance relative to their competitors. We believe that this information is useful for investors and financial institutions seeking to analyze and compare companies on the basis of operating performance.

The following table reconciles our operating margin outlook for 2016 to our Adjusted EBITDA margin outlook for 2016:

	2016 Outlook		
Adjusted EBITDA[a]:	Low End of Range		High End of Range
Distribution			
GAAP Operating margin	4.4%	to	4.6%
Depreciation and Amortization as a percentage of sales	1.4%	to	1.4%
Adjusted EBITDA margin	5.8%	to	6.0%
Aerospace			
GAAP operating margin	17.5%	to	17.8%
Transaction and integration costs as a percentage of sales	0.8%	to	0.8%
Adjusted operating margin	18.3%	to	18.6%
Depreciation and Amortization as a percentage of sales	3.5%	to	3.4%
Adjusted EBITDA margin	21.8%	to	22.0%

[a] Adjusted EBITDA, a non-GAAP financial measure, is defined as operating income before depreciation and amortization. Adjusted EBITDA is calculated on our consolidated results as well as the results of our reportable segments. Adjusted EBITDA differs from Segment Operating Income, as calculated in accordance with GAAP, in that it excludes depreciation and amortization and, in the Aerospace segment, $5.5 million of transaction and integration costs. We have made numerous investments in our business, such as acquisitions and increased capital expenditures, including facility improvements, new machinery and equipment, improvements to our information technology infrastructure and new ERP systems. Management believes Adjusted EBITDA provides an additional perspective on the operating results of the organization and its earning capacity and helps improve the comparability of our results between periods by eliminating costs that are not reflective of our current period operations and the impact of non-cash depreciation and amortization expense.

RESULTS OF OPERATIONS

Consolidated Results

Net Sales

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
	(in thousands)	
Net sales	$ 451,198	$ 442,782
$ change	8,416	34,824
% change	1.9%	8.5%

The following table details the components of the increase (decrease) in net sales as a percentage of consolidated net sales for the three months ended April 1, 2016:

Organic Sales[1]:	
Distribution	(5.7)%
Aerospace	3.1 %
Total Organic Sales	(2.6)%
Sales by Recent Acquisitions:	
Distribution	0.6 %
Aerospace	3.9 %
Total Acquisition Sales	4.5 %
% change in net sales	1.9 %

[1] Sales contributed by acquisitions are included in organic sales beginning with the thirteenth month following the date of acquisition.

See segment discussions below for additional information regarding the changes in net sales.

Gross Profit

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
	(in thousands)	
Gross profit	$ 134,430	$ 127,911
$ change	6,519	13,911
% change	5.1%	12.2%
% of net sales	29.8%	28.9%

Gross profit increased for the three-month fiscal period ended April 1, 2016, as compared to the same period in 2015. This was a result of higher gross profit at our Aerospace segment, mostly attributable to the contribution of gross profit from the 2015 acquisitions, offset by lower gross profit at our Distribution segment.

Gross profit as a percentage of net sales increased for the three-month fiscal period ended April 1, 2016, as compared to the corresponding period in 2015, due to improved gross margin performance at Distribution and the mix of sales shifting to higher margin programs in our Aerospace segment, specifically higher JPF direct commercial sales.

Selling, General & Administrative Expenses (SG&A)

	For the Three Months Ended	
	April 1, 2016	**April 3, 2015**
	(in thousands)	
SG&A	$ 116,108	$ 105,554
$ change	10,554	13,252
% change	10.0%	14.4%
% of net sales	25.7%	23.8%

The following table details the components of the SG&A changes for the three-month fiscal period ended April 1, 2016, as compared to the corresponding 2015 period:

Organic SG&A[1]:	
Distribution	(0.3)%
Aerospace	3.9 %
Corporate	1.0 %
Total Organic SG&A	4.6 %
Acquisition SG&A:	
Distribution	0.5 %
Aerospace	4.9 %
Total Acquisition SG&A	5.4 %
% change in SG&A	10.0 %

[1]SG&A expense incurred by acquisitions are included in organic SG&A beginning with the thirteenth month following the date of acquisition.

The increase in SG&A for the three-month fiscal period ended April 1, 2016, was primarily due to higher expenses at our Aerospace segment and Corporate. The increase in expenses at our Aerospace segment primarily relates to the addition of SG&A expenses from our 2015 Aerospace acquisitions and the sale of government contract program inventory which included previously capitalized general and administrative expenses totaling $3.1 million. Corporate expenses were $1.0 million higher for the three-month fiscal period ended April 1, 2016, primarily driven by higher salary and wage expense and an increase in consulting costs.

Operating Income

	For the Three Months Ended	
	April 1, 2016	**April 3, 2015**
	(in thousands)	
Operating income	$ 18,350	$ 22,330
$ change	(3,980)	746
% change	(17.8)%	3.5%
% of net sales	4.1 %	5.0%

The decrease in operating income for the three-month fiscal period ended April 1, 2016, versus the comparable period in 2015 was primarily due to decreases in organic operating income at both our Distribution and Aerospace segments and higher corporate expenses. These decreases were slightly offset by the contribution of operating income from our 2015 Aerospace and Distribution acquisitions. (See segment discussion below for additional information.)

Interest Expense, Net

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
	(in thousands)	
Interest expense, net	$ 3,807	$ 3,327

Interest expense, net, generally consists of interest charged on our Credit Agreement (see "Liquidity and Capital Resources - Financing Arrangements", below), which includes a revolving credit facility and a term loan facility, and other borrowings and the amortization of debt issuance costs, offset by interest income. The increase in interest expense, net for the three-month fiscal period ended April 1, 2016, was primarily attributable to higher average borrowings, as compared to the comparable period ended April 3, 2015. The interest rate for outstanding amounts under the Credit Agreement at April 1, 2016, was 1.69% compared to 1.71% at April 3, 2015. (See Liquidity and Capital Resources section below for information on our borrowings.)

Effective Income Tax Rate

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
Effective income tax rate	32.4%	33.1%

The effective income tax rate represents the combined federal, state and foreign tax effects attributable to pretax earnings for the period. The lower effective tax rate for the three-month fiscal period ended April 1, 2016, as compared with the U.S. statutory rate of 35% is primarily due to certain discrete items in the quarter, the most significant of which resulted from adjustments to foreign provisions for taxes and actual foreign tax returns filed. The lower effective rate for the three-month fiscal period ended April 3, 2015, as compared with the U.S. statutory rate of 35% was primarily due to favorable adjustments related to amended returns, as well as additional deductions for domestic production activities.

Distribution Segment

Results of Operations

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
	(in thousands)	
Net sales	$ 288,664	$ 311,471
$ change	(22,807)	52,575
% change	(7.3)%	20.3%
Operating income	$ 10,469	$ 12,964
$ change	(2,495)	1,231
% change	(19.2)%	10.5%
% of net sales	3.6 %	4.2%

Net sales

The decrease in net sales for the three-month fiscal period ended April 1, 2016, as compared to the same period in 2015 was due to lower organic sales, driven by lower sales volume to our original equipment manufacturer customers and maintenance, repair and operations customers and one less sales day in the period. Looking at the markets we serve, sales were lower in the machinery manufacturing, mining, merchant wholesalers durable goods, fabricated metal product manufacturing and paper manufacturing markets for the three-month fiscal period ended April 1, 2016, as compared to the comparable period in 2015. Partially offsetting these decreases were higher sales in the nonmetallic mineral products, merchant wholesalers nondurable goods and food manufacturing markets.

Organic sales per sales day is a metric management uses to evaluate performance trends at our Distribution segment and is calculated by taking organic sales divided by the number of sales days in the period. The following table illustrates the calculation of organic sales per sales day. (See Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures.)

		For the Three Months Ended	
		April 1, 2016	**April 3, 2015**
		(in thousands)	
Current period			
Net sales		$ 288,664	$ 311,471
Acquisition sales [1]		2,659	29,997
Organic sales		286,005	281,474
Sales days		65	66
Organic sales per sales day for the current period	a	$ 4,400	$ 4,265
Prior period			
Net sales from the prior year		$ 311,471	$ 258,896
Sales days from the prior year		66	62
Sales per sales day from the prior year	b	$ 4,719	$ 4,176
% change	(a-b)÷b	(6.8)%	2.1%

[1] Sales contributed by an acquisition are included in organic sales beginning with the thirteenth month following the date of acquisition. Prior period information is adjusted to reflect acquisition sales for that period as organic sales when calculating the change in organic sales per sales day.

Operating income

The Distribution segment's operating income for the three-month fiscal period ended April 1, 2016, decreased as compared to the corresponding period in the prior year. This was a result of lower organic sales and gross profit, slightly offset by the contribution of operating income from the 2015 acquisitions. Additionally, there was one less sales day in the fiscal period ended April 1, 2016.

Other Matters

Enterprise Resource Planning System

In July 2012, we announced a decision to invest in a new enterprise resource planning business system for our Distribution segment with an estimated total cost of $45.0 million. Since our announcement in 2012, Distribution has acquired nine businesses. To date, we have implemented the new ERP system at four acquired entities, of which two were not included in the original project scope. Additionally, an upgraded version of the software has become available since we developed our initial implementation plan. The upgrade is a major release of the ERP software and provides additional functionality and features, along with a new user interface. As a result of the unplanned implementations at the acquired businesses and the software upgrade, our implementation timeline has been extended. With the extension of our implementation timeline, the estimated total project cost has increased to $51.1 million.

For the three-month fiscal periods ended April 1, 2016, and April 3, 2015, expenses incurred totaled approximately $0.2 million each period, and capital expenditures totaled $1.0 million and $2.3 million, respectively. Total to date capital expenditures as of April 1, 2016, were $31.7 million. Depreciation expense for the ERP system for the three-month fiscal periods ended April 1, 2016, and April 3, 2015, totaled $0.7 million each period.

Aerospace Segment

Results of Operations

	For the Three Months Ended	
	April 1, 2016	April 3, 2015
	(in thousands)	
Net sales	$ 162,534	$ 131,311
$ change	31,223	(17,751)
% change	23.8 %	(11.9)%
Operating income	$ 21,297	$ 21,821
$ change	(524)	(200)
% change	(2.4)%	(0.9)%
% of net sales	13.1 %	16.6 %

Net sales

Sales increased for the three-month fiscal period ended April 1, 2016, as compared to the corresponding period in 2015, primarily due to the contribution of $17.3 million of sales from our 2015 acquisitions. Organic sales increased $13.9 million, which consisted of higher sales in both our military and commercial products/programs. Organic sales generated by our military programs/products increased $6.7 million, primarily due to higher direct sales to foreign militaries of the JPF and higher sales associated with legacy missile fuze programs. These increases, totaling $33.2 million, were partially offset by lower sales associated with our JPF program with the USG, the SH-2G(I) contract with New Zealand, the Boeing A-10 program, and the Sikorsky BLACK HAWK helicopter program, as well as a decrease in military bearing products sales.

Organic sales generated by our commercial programs/products increased $7.2 million for the three-month fiscal period ended April 1, 2016, as compared to the corresponding period in 2015. The increase is primarily attributable to higher commercial bearing product and K-MAX® program sales.

Operating income

Operating income remained relatively flat for the three-month fiscal period ended April 1, 2016, compared to the corresponding period in 2015. Operating income decreases totaling $9.7 million were primarily attributable to a decline in gross margin on the Boeing 767/777 program attributable to cost growth, lower sales associated with certain programs/products as discussed above, higher SG&A expense attributable to the sale of government program contract inventory which included previously capitalized general and administrative expenses totaling $3.1 million and acquisition and integration related costs of $2.0 million. These decreases were largely offset by the incremental gross profit associated with higher direct sales of our JPF to foreign militaries.

Long-Term Contracts

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

Revenue and cost estimates for all significant long-term contracts for which revenue is recognized using the percentage-of-completion method of accounting are reviewed and reassessed quarterly. Based upon these reviews, the Company records the effects of adjustments in profit estimates each period. If at any time the Company determines that in the case of a particular contract total costs will exceed total contract revenue, the Company will record a provision for the entire anticipated contract loss at that time. For the three-month fiscal period ended April 1, 2016, there was a net decrease in the Company's operating income attributable to changes in contract estimates of $1.0 million. This was primarily a result of cost growth on the Boeing 767/777 program. There was a net increase in the Company's operating income from changes in contract estimates of $1.8 million for the three-month fiscal period ended April 3, 2015. This increase was primarily a result of improved performance on the JPF program.

Backlog

	April 1, 2016	December 31, 2015
	(in thousands)	
Backlog	$ 715,925	$ 659,350

Backlog increased during the first three months of 2016 primarily due to JPF commercial sales orders received from foreign militaries, as discussed below.

Major Programs/Product Lines

Below is a discussion of significant changes in the Aerospace segment's major programs during the first three months of 2016. See our 2015 Annual Report on Form 10-K for a complete discussion of our Aerospace segment's programs.

AH-1Z

In February 2016, we reached an agreement with our customer that modified the scope of the AH-1Z contract and which, among other things, resolved outstanding claims associated with this program. We agreed to pay our customer $4.0 million, all of which had been accrued at the end of 2015. We will receive $4.3 million from our customer, the retention of this amount being contingent on the resolution of certain contractual matters. If these contractual matters are not satisfactorily resolved, we may be required to reimburse our customer for all or a portion of this amount. We have included this amount in its current estimate of contract revenue, as we believe the favorable resolution of this contractual matter is probable. Given the current volume of firm orders, we estimate the contract to be a zero margin program, taking into consideration the $2.8 million of G&A costs capitalized in inventory associated with this contract.

A-10

The segment has contracted with Boeing to produce the wing control surfaces (inboard and outboard flaps, slats and deceleron assemblies) for the U.S. Air Force's ("USAF") A-10 fleet. This contract has a potential value of over $110.0 million; however, annual quantities will vary, as they are dependent upon the orders Boeing receives from the USAF. Through April 1, 2016, 141 shipsets have been delivered over the life of the program. In January 2016, the USAF indicated that they would delay the retirement of the A-10 fleet due to its importance in current operations in the Middle East. We continue to monitor the defense budget and understand that despite this positive indication, the future of this program could be at risk without the continued support of Congress. As of the date of this filing, we believe congressional support remains strong and we have confidence that this program will continue. We have not received any orders for additional shipsets in 2016, and as such, we expect a break in production as we near the end of the current units we have on order and await follow-on orders from our customer. Through the date of this filing we have not received any indication from our customer that this program will be terminated. Tooling and nonrecurring costs on this program are being amortized over 242 shipsets, the number of shipsets expected to be delivered under this program. At April 1, 2016, our program backlog was $13.5 million, representing approximately 29 shipsets, and total program inventory was $18.1 million, of which $13.1 million is associated with non-recurring engineering, which may not be recoverable in the event of a contract termination.

FMU-152 A/B – Joint Programmable Fuze (“JPF”)

The segment manufactures the JPF, an electro-mechanical bomb safe and arming device, which allows the settings of a weapon to be programmed in flight. We occasionally experience lot acceptance test failures on this program due to the complexity of the product and the extreme parameters of the acceptance testing. Given the maturity of the product, we now generally experience isolated failures, rather than systemic failures. As a result, identifying a root cause can take longer and may result in fluctuating delivery performance from quarter to quarter.

Sales of these fuzes can be direct to the USG, Foreign Military Sales ("FMS") through the USG and direct commercials sales for foreign militaries that although not funded by the USG require proper regulatory approvals from the USG. In January 2016, we were awarded a direct commercial sales contract order with a total value of $93.0 million for fuzes to be delivered in 2016 and 2017. Total JPF backlog at April 1, 2016, is $275.1 million.

During the quarter we delivered a total of 6,784 fuzes, which consisted of 2,384 fuzes delivered to the USG and 4,400 fuzes delivered as direct commercial sales to foreign governments. We expect to deliver approximately 30,000 to 34,000 fuzes in 2016.

The Company currently provides the FMU-152A/B to the USAF and twenty-six other nations, but the U.S. Navy currently utilizes a different fuze - the FMU 139. In 2015, the U.S. Naval Air Systems Command (“NAVAIR”) solicited proposals for a firm fixed price production contract to implement improvements to the performance characteristics of the FMU-139 (such improved fuze having been designated the FMU-139D/B), and the USAF has stated that, if and when a contract is awarded and production begins, the funds associated with the FMU-152A/B will be redirected to the FMU-139D/B. During the third quarter of 2015, the U.S. Navy announced that a competitor was awarded the contract for the FMU-139 D/B. In the event the FMU-139 D/B program proceeds as planned and the USAF redirects the funds associated with the FMU-152 A/B to the FMU-139 D/B, our business, financial condition, results of operations and cash flows may be materially adversely impacted. Any such impact would not be likely to occur for a number of years.

LIQUIDITY AND CAPITAL RESOURCES

Discussion and Analysis of Cash Flows

We assess liquidity in terms of our ability to generate cash to fund working capital requirements and investing and financing activities. Significant factors affecting liquidity include: cash flows generated from or used by operating activities, capital expenditures, investments in our business segments and their programs, acquisitions, divestitures, dividends, availability of future credit, adequacy of available bank lines of credit, and factors that might otherwise affect the company's business and operations generally, as described under the heading “Risk Factors” and “Forward-Looking Statements” in Item 1A of Part I of our 2015 Annual Report on Form 10-K.

We continue to rely upon bank financing as an important source of liquidity for our business activities including acquisitions. We believe this, when combined with cash generated from operating activities, will be sufficient to support our anticipated cash requirements for the foreseeable future; however, we may decide to borrow additional funds or raise additional equity capital to support other business activities including potential future acquisitions. We anticipate our capital expenditures will be approximately $30.0 to $40.0 million in 2016, primarily related to machinery and equipment and information technology infrastructure. Included in this is approximately $5.2 million associated with investments in ERP systems primarily for our Distribution segment and, to a lesser extent, certain Aerospace facilities.

We anticipate a variety of items will have an impact on our liquidity during the next 12 months, in addition to our working capital requirements. These could include one or more of the following:

- the matters described in Note 10, *Commitments and Contingencies*, in the Notes to Condensed Consolidated Financial Statements, including the cost of existing environmental remediation matters and deposits required to be made to the environmental escrow for our former Moosup facility;
- contributions to our qualified pension plan and Supplemental Employees’ Retirement Plan (“SERP”);
- repurchase of common stock under the 2015 Share Repurchase Program;
- payment of dividends;
- costs associated with new aerospace start-up programs, including the K-MAX® line; and
- the extension of payment terms by our customers.

We do not believe any of these matters will lead to a shortage of capital resources or liquidity that would prevent us from continuing with our business operations as expected.

We regularly monitor credit market conditions to identify potential issues that may adversely affect, or provide opportunities for, the securing and/or advantageous pricing of additional financing, if any, that may be necessary to continue with our growth strategy and finance working capital requirements.

Management regularly monitors pension plan asset performance and the assumptions used in the determination of our benefit obligation, comparing them to actual performance. We continue to believe the assumptions selected are valid due to the long-term nature of our benefit obligation.

Effective December 31, 2015, the qualified pension plan was frozen with respect to future benefit accruals. Under U.S. Government Cost Accounting Standard (“CAS”) 413 we must determine the U.S. Government’s share of any pension curtailment adjustment calculated in accordance with CAS. Such adjustments can result in an amount due to the U.S. Government for pension plans that are in a surplus position or an amount due to the contractor for plans that are in a deficit position. We are unable to make a determination at this time as to the financial implications the U.S. Government's share in this curtailment adjustment will have, if any, on our consolidated balance sheet and results of operations. Based upon the analysis completed thus far, no accrual has been recorded as of April 1, 2016.

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

	For the Three Months Ended		
	April 1, 2016	**April 3, 2015**	**2016 vs. 2015**
	(in thousands)		
Total cash provided by (used in):			
Operating activities	$ 5,727	$ 32,707	$ (26,980)
Investing activities	(8,073)	(18,701)	10,628
Financing activities	3,579	(15,855)	19,434
Free Cash Flow (a):			
Net cash provided by operating activities	$ 5,727	$ 32,707	$ (26,980)
Expenditures for property, plant and equipment	(7,624)	(7,195)	(429)
Free cash flow	$ (1,897)	$ 25,512	$ (27,409)

(a) Free Cash Flow, a non-GAAP financial measure, is defined as net cash provided by operating activities less expenditures for property, plant and equipment, both of which are presented in our Condensed Consolidated Statements of Cash Flows. See Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures for more information regarding Free Cash Flow.

Net cash provided by operating activities decreased for the three-month fiscal period ended April 1, 2016, versus the comparable period in 2015, primarily due to the absence of milestone payments under the SH-2G(I) program that contributed to strong receivable collections during the first quarter of 2015.

Net cash used in investing activities decreased for the three-month fiscal period ended April 1, 2016, versus the comparable period in 2015, primarily due to a decrease in cash used for acquisitions.

Net cash provided by financing activities for the three-month fiscal period ended April 1, 2016, was $3.6 million, compared to net cash used in financing activities for the comparable period in 2015 of $15.9 million. This change is primarily due to an increase in borrowings under our revolving credit facility.

Financing Arrangements

On May 6, 2015, we closed on an amended and restated $700.0 million Credit Agreement. Capitalized terms used in this discussion of the Credit Agreement but not defined herein have the meanings ascribed thereto in the Credit Agreement. The Credit Agreement amends and restates our previously existing credit facility to, among other things: (i) extend the maturity date to May 6, 2020; (ii) increase the aggregate amount of revolving commitments from $400.0 million to $600.0 million; (iii) reinstate the aggregate amount of outstanding Term Loans to $100.0 million; (iv) modify the affirmative and negative covenants set forth in the facility; and (v) effectuate a number of additional modifications to the terms and provisions of the facility, including its pricing. The term loan commitment requires quarterly payments of principal (which commenced on June 30, 2015) at the rate of $1.25 million, increasing to $1.875 million on June 30, 2017, and then to $2.5 million on June 30, 2019, with $65.0 million payable in the final quarter of the facility's term. The facility includes an accordion feature that allows us to increase the aggregate amount available to up to $900.0 million with additional commitments from the Lenders.

Interest rates on amounts outstanding under the Credit Agreement are variable, and are determined based on the Consolidated Senior Secured Leverage Ratio. At April 1, 2016, the interest rate for the outstanding amounts on both the revolving credit facility and term loan commitment was 1.69%. In addition, we are required to pay a quarterly commitment fee on the unused revolving loan commitment amount at a rate ranging from 0.175% to 0.300% per annum, based on the Consolidated Senior Secured Leverage Ratio. Fees for outstanding letters of credit range from 1.25% to 2.00%, based on the Consolidated Senior Secured Leverage Ratio.

The financial covenants associated with the Credit Agreement include a requirement that (i) the Consolidated Senior Secured Leverage Ratio cannot be greater than 3.50 to 1.00, with an available election to increase the maximum to 3.75 to 1.00 for four consecutive quarters in connection with a Permitted Acquisition with consideration in excess of $125.0 million; (ii) the Consolidated Total Leverage Ratio cannot be greater than 4.00 to 1.00, with an available election to increase the maximum to 4.25 to 1.00 for four consecutive quarters in connection with a Permitted Acquisition with consideration in excess of $125.0 million; (iii) the Consolidated Interest Coverage Ratio cannot be less than 4.00 to 1.00; and (iv) Liquidity: (a) as of the last day of the fiscal quarter of the Company ending two full fiscal quarters prior to the stated maturity of the Specified Convertible Notes, cannot be less than an amount equal to 50% of the outstanding principal amount of the Specified Convertible Notes, and (b) as of the last day of each fiscal quarter of the Company ending thereafter, cannot be less than an amount equal to the outstanding principal amount of the Specified Convertible Notes as of such day. We are in compliance with the financial covenants as of and for the quarter ended April 1, 2016, and do not anticipate noncompliance in the foreseeable future.

Total average bank borrowings during the quarter ended April 1, 2016, were $330.5 million compared to $192.5 million for the year ended December 31, 2015. As of April 1, 2016, and December 31, 2015, there was $223.5 million and $259.9 million available for borrowing, respectively, under the Revolving Credit Facility, net of letters of credit. Letters of credit are generally considered borrowings for purposes of the Revolving Credit Facility. A total of $6.9 million and $5.9 million in letters of credit was outstanding under the Revolving Credit Facility as of April 1, 2016, and December 31, 2015, respectively.

Other Sources/Uses of Capital

We contributed $10.0 million to the qualified pension plan and $0.1 million to the SERP through the end of the first quarter. We do not expect to make any further contributions to the qualified pension plan during 2016. We plan to contribute an additional $0.4 million to the SERP in 2016. For the 2015 plan year, we contributed $10.0 million to the qualified pension plan and $0.5 million to the SERP.

On April 29, 2015, we announced that our Board of Directors approved a share repurchase program ("2015 Share Repurchase Program") authorizing the repurchase of up to $100.0 million of the common stock, par value $1.00 per share, of the Company. This new program replaced our 2000 Stock Repurchase Program. We currently intend to repurchase shares to offset the annual issuance of shares under our employee stock plans, but the timing and actual number of shares repurchased will depend on a variety of factors including stock price, market conditions, corporate and regulatory requirements, capital availability and other factors, including acquisition opportunities. As of April 1, 2016, we had repurchased 391,162 shares under the 2015 Share Repurchase Program and approximately $84.3 million remained available for repurchases under this authorization.

NON-GAAP FINANCIAL MEASURES

Management believes the non-GAAP (Generally Accepted Accounting Principles) measures used in this report on Form 10-Q provide investors with important perspectives into our ongoing business performance. We do not intend for the information to be considered in isolation or as a substitute for the related GAAP measures. Other companies may define the measures differently. We define the non-GAAP measures used in this report and other disclosures as follows:

Organic Sales per Sales Day

Organic sales per sales day is defined as GAAP “Net sales of the Distribution segment” less sales derived from acquisitions completed during the preceding twelve months divided by the number of sales days in a given period. Sales days are the days that the Distribution segment’s branch locations were open for business and exclude weekends and holidays. Management believes sales per sales day provides an important perspective on how net sales may be impacted by the number of days the segment is open for business. Management uses organic sales per sales day as a measurement to compare periods in which the numbers of sales days differ.

Free Cash Flow

Free cash flow is defined as GAAP “Net cash provided by (used in) operating activities” less “Expenditures for property, plant & equipment”, both of which are presented in our Condensed Consolidated Statements of Cash Flows. Management believes free cash flow provides an important perspective on the cash available for dividends to shareholders, debt repayment, and acquisitions after making capital investments required to support ongoing business operations and long-term value creation. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. Management uses free cash flow internally to assess both business performance and overall liquidity.

Non-GAAP Adjusted Operating Income

Non-GAAP adjusted operating income is defined as operating income, less items that are not indicative of the operating performance of the Company's segments or corporate for the period presented. Management uses Non-GAAP adjusted operating income to evaluate performance period over period, to analyze the underlying trends impacting our segments and corporate and to assess their performance relative to their competitors. We believe that this information is useful for investors and financial institutions seeking to analyze and compare companies on the basis of operating performance.

Adjusted EBITDA and Adjusted EBTIDA Margin

Adjusted EBITDA is defined as operating income before depreciation and amortization. Adjusted EBITDA is calculated using our consolidated results as well as the results of our reportable segments. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Net sales for our reportable segments. Adjusted EBITDA differs from Segment Operating Income, as calculated in accordance with GAAP, in that it excludes depreciation and amortization and, in the case of the Aerospace segment, transaction and integration costs associated with 2015 acquisitions. The Company has made numerous investments in our business, such as acquisitions and increased capital expenditures, including facility improvements, new machinery and equipment, improvements to our information technology infrastructure and new ERP systems. Management believes Adjusted EBITDA provides an additional perspective on the operating results of the organization and its earnings capacity and helps improve the comparability of our results between periods by eliminating the impact of non-cash depreciation and amortization expense and certain nonrecurring costs. Adjusted EBITDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. Adjusted EBITDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with GAAP.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

There have been no material changes outside the ordinary course of business in our contractual obligations or off-balance sheet arrangements during the first three months of 2016. See our 2015 Annual Report on Form 10-K for a discussion of our contractual obligations and off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Preparation of the Company’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management’s Discussion and Analysis and the Notes to Consolidated Financial Statements in the Company’s 2015 Annual Report on Form 10-K describe the critical accounting estimates and significant accounting policies used in preparing the Consolidated Financial Statements. Actual results in these areas could differ from management’s estimates. There have been no significant changes in the Company's critical accounting estimates and significant accounting policies in 2016.

RECENT ACCOUNTING STANDARDS

Information regarding recent changes in accounting standards is included in Note 2, *Recent Accounting Standards*, of the Notes to Condensed Consolidated Financial Statements in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in the Company’s exposure to market risk during the first three months of 2016. See the Company’s 2015 Annual Report on Form 10-K for a discussion of the Company’s exposure to market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company has carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of April 1, 2016. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of April 1, 2016, the disclosure controls and procedures were effective.

Changes in Internal Controls

There was no change in the Company’s internal control over financial reporting that occurred during the Company’s most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

The Company is in the process of implementing a new enterprise-wide business system for our Distribution segment. In order to minimize disruptions to our ongoing operations we have developed a project plan that takes a phased approach to implementation and includes appropriate contingencies. The implementation of the new ERP system will likely affect the processes that constitute our internal control over financial reporting and any changes to such controls will require testing for effectiveness.

PART II

Item 1. Legal Proceedings

General

From time to time, as a normal incident of the nature and kinds of businesses in which the Company and its subsidiaries are, and were, engaged, various claims or charges are asserted and legal proceedings are commenced by or against the Company and/or one or more of its subsidiaries. Claimed amounts may be substantial but may not bear any reasonable relationship to the merits of the claim or the extent of any real risk of court or arbitral awards. We record accruals for losses related to those matters that we consider to be probable and that can be reasonably estimated. Gain contingencies, if any, are recognized when they are realized and legal costs generally are expensed when incurred.

We evaluate, on a quarterly basis, developments in legal proceedings that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. Our loss contingencies are subject to substantial uncertainties, however, including for each such contingency the following, among other factors: (i) the procedural status of the case; (ii) whether the case has or may be certified as a class action suit; (iii) the outcome of preliminary motions; (iv) the impact of discovery; (v) whether there are significant factual issues to be determined or resolved; (vi) whether the proceedings involve a large number of parties and/or claims in multiple jurisdictions or jurisdictions in which the relevant laws are complex or unclear; (vii) the extent of potential damages, which are often unspecified or indeterminate; and (viii) the status of settlement discussions, if any, and the settlement postures of the parties. Because of these uncertainties, management has determined that, except as otherwise noted below, the amount of loss or range of loss that is reasonably possible in respect of each matter described below (including any reasonably possible losses in excess of amounts already accrued), is not reasonably estimable.

While it is not possible to predict the outcome of these matters with certainty, based upon available information, management believes that all settlements, arbitration awards and final judgments, if any, which are considered probable of being rendered against us in legal proceedings and that can be reasonably estimated are accrued for at April 1, 2016. Despite this analysis, there can be no assurance that the final outcome of these matters will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

Except as set forth below, as of April 1, 2016, neither the Company nor any of its subsidiaries is a party, nor is any of its or their property subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to the business of the Company and its subsidiaries. Additional information relating to certain of these matters is set forth in Note 10, *Commitments and Contingencies* of the Notes to Condensed Consolidated Financial Statements.

Environmental Matters

The Company and its subsidiaries are subject to numerous U.S. Federal, state and international environmental laws and regulatory requirements and are involved from time to time in investigations or litigation of various potential environmental issues concerning activities at our facilities or former facilities or remediation as a result of past activities (including past activities of companies we have acquired). From time to time, we receive notices from the U.S. Environmental Protection Agency or equivalent state or international environmental agencies that we are a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act (commonly known as the “Superfund Act”) and/or equivalent laws. Such notices assert potential liability for cleanup costs at various sites, which include sites owned by us, sites we previously owned and treatment or disposal sites not owned by us, allegedly containing hazardous substances attributable to us from past operations. We are currently named as a potentially responsible party at one site. While it is not possible to predict the outcome of these proceedings, in the opinion of management, any payments we may be required to make as a result of such claims in existence at April 1, 2016, will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

Asbestos Litigation

Like many other industrial companies, the Company and/or one of its subsidiaries may be named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos integrated into certain products sold or distributed by the Company and/or the named subsidiary. A substantial majority of these asbestos-related claims have been covered by insurance or other forms of indemnity or have been dismissed without payment. The rest have been resolved for amounts that are not material to the Company, either individually or in the aggregate. Based on information currently available, we do not believe that the resolution of any currently pending asbestos-related matters will have a material adverse effect on our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors

Investors should carefully review and consider the information regarding certain factors that could materially affect our business, results of operations, financial condition and cash flows as set forth under Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 (“2015 Form 10-K”). We do not believe there have been any material changes to the risk factors previously disclosed in our 2015 Form 10-K, but we may disclose changes to such factors or disclose additional factors from time to time in future filings with the SEC. Additional risks and uncertainties not presently known to us or that we currently believe not to be material may also adversely impact our business, results of operations, financial position and cash flows.

FORWARD-LOOKING STATEMENTS

This report 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 existence of standard government contract provisions permitting renegotiation of terms and termination for the convenience of the government; (vi) the successful resolution of government inquiries or investigations relating to our businesses and programs; (vii) 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; (viii) potential difficulties associated with variable acceptance test results, given sensitive production materials and extreme test parameters; (ix) 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; (x) 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; (xi) the accuracy of current cost estimates associated with environmental remediation activities; (xii) the profitable integration of acquired businesses into the Company's operations; (xiii) 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; (xiv) changes in supplier sales or vendor incentive policies; (xv) the effects of price increases or decreases; (xvi) the effects of pension regulations, pension plan assumptions, pension plan asset performance, future contributions and the *pension freeze; (xvii) future levels of indebtedness and capital expenditures; (xviii) the continued availability of raw materials and other commodities in adequate supplies and the effect of increased costs for such items; (xix) the effects of currency exchange rates and foreign competition on future operations; (xx) changes in laws and regulations, taxes, interest rates, inflation rates and general business conditions; (xxi) future repurchases and/or issuances of common stock; (xxii) the incurrence of unanticipated restructuring costs or the failure to realize anticipated savings or benefits from past or future expense reduction actions; and (xxiii) other risks and uncertainties set forth herein and in our 2015 Form 10-K.*

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about purchases of Common Stock by the Company during the three-month fiscal period ended April 1, 2016:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan (b)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plan *(in thousands)*
January 1, 2016 – January 29, 2016	35,000	$ 38.72	35,000	$ 86,604
January 30, 2016 – February 26, 2016	1,164	$ 43.74	—	$ 86,604
February 27, 2016 – April 1, 2016	72,009	$ 41.96	56,162	$ 84,279
Total	108,173		91,162	

(a) During the quarter the Company purchased 17,011 shares in connection with employee tax withholding obligations as permitted by our equity compensation plans, which are SEC Rule 16b-3 qualified compensation plans. These were not purchases under our publicly announced program.

(b) On April 29, 2015, the Company announced that its Board of Directors approved a $100.0 million share repurchase program.

Item 4. Mine Safety Disclosure

Information concerning mine safety violations required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and Item 104 of Regulation S-K was not required for this quarterly report on Form 10-Q as there were no reportable violations during the quarter.

Item 6. Index To Exhibits

10.1	Change in Control Agreement between Kaman Corporation and John J. Tedone effective as of February 23, 2016 (superseded by an Amended and Restated Change in Control Agreement, effective as of April 20, 2016, the form of which was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 22, 2016).*	Filed Herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 under the Securities Exchange Act of 1934	Filed Herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 under the Securities Exchange Act of 1934	Filed Herewith
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	

SIGNATURES

Kaman Corporation and Subsidiaries

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	KAMAN CORPORATION Registrant	
Date: May 3, 2016		*/s/ Neal J. Keating*
	By:	Neal J. Keating Chairman, President and Chief Executive Officer
Date: May 3, 2016		*/s/ Robert D. Starr*
	By:	Robert D. Starr Executive Vice President and Chief Financial Officer

KAMAN CORPORATION
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Exhibit 10.1

<u>KAMAN CORPORATION</u>
<u>CHANGE IN CONTROL AGREEMENT</u>

THIS AGREEMENT, is made effective February 23, 2016 (the "Effective Date"), by and between **Kaman Corporation**, a Connecticut corporation (the "Company"), and **John J. Tedone** (the "Executive").

WHEREAS, Executive was appointed Vice President - Finance and Principal Accounting Officer of the Company, effective as of April 17, 2007; and

WHEREAS, the Company and the Executive desire to further memorialize the terms and conditions of Executive's employment in the role of Vice President - Finance and Principal Accounting Officer;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. <u>Defined Terms</u>. Definitions of capitalized terms used in this Agreement are provided in the last Section of this Agreement.

2. <u>Term</u>. This Agreement shall terminate on the fifth anniversary of the Effective Date. The term of this Agreement shall be automatically extended thereafter for successive one (1) year periods unless, at least ninety (90) days prior to the end of the fourth anniversary of the Effective Date or the then current succeeding one-year extended term of this Agreement, the Company or Executive has notified the other that the term hereunder shall expire at the end of the then-current term. Notwithstanding any such notice, the term of this Agreement shall not expire before the second anniversary of a Change in Control that occurs within the term of this Agreement. The initial term of this Agreement, as it may be extended under this Section 2, is herein referred to as the "Term."

3. <u>Company's Covenants Summarized</u>. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's continued employment, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described in this Agreement. Except as provided in Section 5.1 of this Agreement, no Severance Payments (as defined in Section 5) shall be payable under this Agreement unless there shall have been a termination of the Executive's employment with the Company following a Change in Control. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. <u>Compensation Other Than Severance Payments</u>.

4.1 If the Executive's employment shall be terminated for any reason following a Change in Control, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if Section 18(n)

(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination (or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason). In addition, if the Executive's employment is terminated for any reason following a Change in Control other than (a) by the Company for Cause and (b) by the Executive without Good Reason, then the Company shall pay a pro-rata portion of the Executive's annual bonus for the performance year in which such termination occurs to the Executive on the later of (x) the date that annual bonuses are generally paid to other senior executives and (y) the date that is the first business day after the date that is six months after the Date of Termination. This pro-rata bonus shall be determined by multiplying the amount the Executive would have received based upon actual financial performance through such termination, as reasonably determined by the Company, by a fraction, the numerator of which is the number of days during such performance year that the Executive is employed by the Company and the denominator of which is 365.

4.2 If the Executive's employment shall be terminated for any reason following a Change in Control, the Company shall pay to the Executive the Executive's normal post-termination compensation and benefits as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

5. <u>Severance Payments.</u>

5.1 If the Executive's employment is terminated during the twenty-four (24) month period immediately following a Change in Control, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits described in this Section 5 (collectively, the "Severance Payments") in addition to any payments and benefits to which the Executive is entitled under Section 4 of this Agreement. The Executive shall also be entitled to Severance Payments under this Agreement if the Executive's employment is terminated without Cause by the Company or by the Executive for Good Reason at any time beginning on the first day of the 90 day period immediately prior to the execution of a definitive purchase and sale agreement that results in such Change in Control and the closing of such Change in Control.

(a) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the sum of (i) two (2) times the Executive's base salary as in effect immediately prior to the Date of Termination or, if Section 18(n)(ii) is applicable as an event or circumstance constituting Good Reason, the rate in effect immediately prior to such event or circumstance, and (ii) two (2) times the last annual bonus paid or awarded (to the extent not yet paid) to the Executive in the previous three years (if any) immediately preceding the Date of Termination, pursuant to any annual bonus or incentive plan maintained by the Company.

(b) For the twenty-four (24) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents medical, dental, and accidental death and dismemberment benefits on a monthly basis that is substantially similar to such benefits as provided to the Executive and her dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater cost to the Executive than the cost to the Executive immediately prior to such date or occurrence. The parties intend that the first 18 months of continued medical and dental coverage shall not constitute a "deferral of compensation" under Treas. Reg. Sect. 1.409A-1(b), and that continued accidental death and dismemberment benefits hereunder shall qualify as a "limited payment" of an "in kind" benefit under Treas. Reg. Sect. 1.409A-1(b)(9)(v)(C) and (D). Any portion of the continued medical, dental and accidental death and dismemberment coverage under this Section 5.1(b) that is subject to Section 409A is intended to qualify as a "reimbursement or in-kind benefit plan" under Treas. Reg. Sect. 1.409A-3(i)(1)(iv). Benefits otherwise receivable by the Executive pursuant to this Section 5.1(b) shall be reduced to the extent benefits of the same type are received by or made available by a subsequent employer to the Executive during the twenty-four (24) month period following the Date of Termination (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, the first occurrence of an event or circumstance constituting Good Reason. Any such reimbursement under this Section 5.1(b) shall be made promptly in accordance with Company policy, but in any event on or before the last day of the Executive's taxable year following the taxable year in which the expense or cost was incurred. In no event shall the amount that the Company pays for any such benefit in any one year affect the amount that it will pay in any other year and in no event shall the benefits described in this paragraph be subject to liquidation or exchange.

(c) Notwithstanding any provision to the contrary in any plan or agreement maintained by or through the Company pursuant to which the Executive has been granted restricted stock, stock options, stock appreciation rights or long-term performance awards, effective on the Date of Termination, (i) all service and performance based restrictions with respect to any then unvested restricted stock shall lapse, (ii) all stock appreciation rights and stock options shall be deemed fully vested and then canceled in exchange for a cash payment equal to the excess of the fair market value of the shares of Company stock subject to the stock appreciation right or stock option on the Date of Termination, over the exercise price(s) of such stock appreciation rights or stock options, and (iii) all unvested long-term performance awards (each, an "LTIP Award") shall vest when such award would otherwise have vested and the actual amount that the Executive shall receive with respect to any such award will be determined by multiplying the amount the Executive would have received based upon actual performance for the entire period by a fraction, the numerator which is the number of days the

Executive remained employed with the Company during such award's performance period and the denominator of which is the total number of days during such award's performance period.

(d) If the Executive would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in Section 5.1 (b) terminate.

(e) The Company (i) shall establish an irrevocable grantor trust holding an amount of assets sufficient to pay all remaining premiums (which trust shall be required to pay such premiums), under any insurance policy maintained by the Company insuring the life of the Executive, that is in effect and (ii) shall transfer to the Executive any and all rights and incidents of ownership in such arrangements at no cost to the Executive. Notwithstanding the foregoing, in no event shall the Company establish or fund any such rabbi trust in a manner or on terms that would result in the imposition of any tax, penalty or interest under Section 409A(b)(1) of the Code and in no event shall the Company be obligated to, nor shall it, fund any such rabbi trust "in connection with a change in the employer's financial health" within the meaning of Section 409A(b)(2) of the Code. In the event that one or more premiums become due and payable during the six-month period beginning on the Executive's employment termination, the Company shall timely notify the Executive so that any such premium payment can be made by the Executive directly to the insurance carrier. At the end of such six-month period, the Company shall reimburse the Executive for all such premiums paid by the Executive, with interest at the applicable federal rate under Section 1274 of the Code, determined as of the Date of Termination.

(f) The Company shall provide the Executive with reimbursement for up to Thirty Thousand Dollars ($30,000) in the aggregate for outplacement services, relocation costs, or both provided however that reimbursement shall only be provided until the earlier of the first anniversary of the Date of Termination or the Executive's first day of employment with a new employer. It is intended that reimbursements under this Section 5.1(g) shall not constitute a "deferral of compensation" for purposes of Section 409A of the Code pursuant to Treas. Reg. Sect. 1.409A-1(a)(9)(v)(A) and (C).

5.2 Section 4999 Excise Tax.

The Executive shall bear all expense of, and be solely responsible for, all federal, state, local or foreign taxes due with respect to any payment received under the Agreement, including, without limitation, any excise tax imposed by Section 4999 of the Code (the "Excise Tax"); provided, however, that any payment or benefit received or to be received by the Executive in connection with a Change in Control or the termination of employment (whether payable under the terms of the Agreement or any other plan, arrangement or agreement with the Company or an affiliate (collectively, the "Payments") that would constitute a "parachute payment" within the meaning of Section 280G of the Code, shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax but only if, by reason of such reduction, the net after-tax benefit received by the Executive shall exceed the net after-tax benefit that would be received by the Executive if no such reduction was made. For purposes of this Section:

(a) The "net after-tax benefit" shall mean (i) the Payments which the Executive receives or is then entitled to receive from the Company or its affiliates that would constitute "parachute payments" within the meaning of Section 280G of the Code, less (ii) the amount of all federal, state and local income and employment taxes payable by the Executive with respect to the foregoing calculated at the highest marginal income tax rate for each year in which the foregoing shall be paid to the Executive (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less (iii) the amount of Excise Tax imposed with respect to the payments and benefits described in (i) above.

(b) All determinations under this Section will be made by an accounting firm or law firm that is selected for this purpose by the Company's Chief Executive Officer prior to the Change in Control (the "280G Firm"). All fees and expenses of the 280G Firm shall be borne by the Company. The Company will direct the 280G Firm to submit any determination it makes under this Section and detailed supporting calculations to the Executive and the Company as soon as reasonably practicable.

(c) If the 280G Firm determines that one or more reductions are required under this Section, the 280G Firm shall also determine which Payments shall be reduced (first from cash payments and then from non-cash benefits) to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code, and the Company shall pay such reduced amount to the Executive. The 280G Firm shall make reductions required under this Section in a manner that maximizes the net after-tax amount payable to the Executive.

(d) As a result of the uncertainty in the application of Section 280G at the time that the 280G Firm makes its determinations under this Section, it is possible that amounts will have been paid or distributed to the Executive that should not have been paid or distributed (collectively, the "Overpayments"), or that additional amounts should be paid or distributed to the Executive (collectively, the "Underpayments"). If the 280G Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive, which assertion the 280G Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Executive must repay the Overpayment to the Company, without interest; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Executive to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Executive is subject to tax under Section 4999 of the Code or generate a refund of tax imposed under Section 4999 of the Code. If the 280G Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the 280G Firm will notify the Executive and the Company of that determination and the amount of that Underpayment will be paid to the Executive promptly by the Company.

(e) The parties will provide the 280G Firm access to and copies of any books, records, and documents in their possession as reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this Section.

5.3 The Company also shall reimburse the Executive for legal fees and expenses incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment or in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments shall be made within ten (10) business days after delivery of the Executive's written request for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

5.4 The Company shall pay the cash amounts described in Section 5.1(a) and shall provide the benefits described in Section 5.1(f) to the Executive on the first business day after the date that is six months following the Date of Termination; provided, however, that the date of payment for cash payments described in Section 5.1 (c)(iii) shall be the later of (a) the date that such award is generally paid to other senior executives and (b) the date that is the first business day after the date that is six months after the Date of Termination. The cash amounts described in subsections (a) and (c)(iii) of Section 5.1 shall be paid with interest at the applicable federal rate under Section 1274 of the Code determined as of the Date of Termination. In addition, to the extent that payment of the pro-rata portion of the annual bonus provided for in Section 4.1 is delayed until the date that it is the first business day after the date that is six months following the Date of Termination as described above, the pro-rata bonus payment shall be credited with interest at the short-term applicable federal rate under Section 1274 of the Code determined as of March 15th of the year following such termination from such March 15th to the date that payment is made to the Executive hereunder. If payments are not made in the time frame required by this subsection, interest on the unpaid amounts will accrue at 120% of the rate provided in Section 1274(b)(2)(B) of the Code determined as of the first day following the time frame provided for herein until the date such payments are actually made. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from the Consultant or other advisors (and any such opinions or advice which are in writing shall be attached to the statement).

5.5 Severance Payments In Lieu of Other Severance Benefits.

Severance Payments made under this Section 5 shall be in lieu of any severance benefit otherwise payable to the Executive.

6. Termination Procedures and Compensation During Dispute.

6.1 Notice of Termination. After a Change in Control, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section

9 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

6.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). For purposes of determining the date on which to make the severance payments described under Section 5.4, a "Date of Termination" shall only occur upon the Executive's "separation from service" within the meaning of Section 409A of the Code and as determined after applying the presumptions set forth in Treas. Reg. Section 1.409A-1(h)(1).

6.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 6.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

6.4 Compensation During Dispute. If a purported termination occurs following a Change in Control and the Date of Termination is extended in accordance with Section 6.3 of this Agreement, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section 6.3 of this Agreement. Amounts paid under this Section 6.4 are in addition to all other amounts due under this Agreement (other than those due under Section 4.1 of this Agreement) and shall not be offset against or reduce any other amounts due under this Agreement. Notwithstanding anything to the contrary in Section 6.3 and 6.4, if the Company, after delivery of a Notice of Termination, promptly (and in any event within 30 days) determines that grounds existed prior to the delivery of the Notice of

Termination to terminate the Executive's employment for Cause after complying with the procedural requirements of this Agreement, the Company shall have the right to recover any payments that have been made to the Executive or on the Executive's behalf under this Agreement including but not limited to offset against or reduction of any amounts due under this Agreement or otherwise.

7. No Mitigation. The Company agrees that under this Agreement, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 5 of this Agreement or Section 6.4 of this Agreement. Further, the amount of any payment or benefit provided for in this Agreement (other than as specifically provided in Section 5.1(b) of this Agreement) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Successors; Binding Agreement.

8.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms.

8.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

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

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

If to the Company: Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002 - Attention: Chief Executive Officer (Facsimile No.: (860) 243-7397), or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Obligations after the Date of Termination.

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

(b) Non-Solicitation. In the event that the Executive receives Severance Payments under Section 5 of this Agreement, the Executive agrees that for the two (2) year period following the Date of Termination, the Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Company or any of its subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee (provided, that the foregoing shall not be violated by general advertising not targeted at Company employees nor by serving as a reference for an employee with regard to an entity with which the Executive is not affiliated). For the avoidance of doubt, if a managerial level employee on his or her own initiative contacts the Executive for the primary purpose of securing alternative employment, any action taken by the Executive thereafter shall not be deemed a breach of this Section 10(b).

(c) Non-Competition. The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, in the event that the Executive receives Severance Payments described in Section 5 of this Agreement, the Executive agrees that for a period of two (2) years following the Date of Termination, the Executive will not, directly or indirectly, become connected with, promote the interest of, or engage in any other business or activity competing with the business of the Company within the geographical area in which the business of the Company is conducted.

(d) Non-Disparagement. Each of the Executive and the Company (for purposes hereof, "the Company" shall mean only (i) the Company by press release or otherwise and (ii) the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party, or in the case of the Company, its respective affiliates, officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) or otherwise as required by law shall not be subject to this Section 10(d).

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

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

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

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

(i) Reformation. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(j) Survival of Provisions. The obligations contained in this Section 10 shall survive the termination or expiration of the Executive's employment with the Company and shall be fully enforceable thereafter.

11. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

(a) compliance with the provisions of Section 10 hereof;

(b) delivery to the Company of an executed Agreement and General Release (the "General Release"), which shall be substantially in the form attached hereto as Appendix A (with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose) within 21 days of presentation thereof by the Company to the Executive (which presentation shall be made by the Company no later than two (2) business days following the Date of Termination); and

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

If the Executive fails to return an executed General Release to the Company within such 21-day period, or the Executive subsequently revokes such timely release, the Company shall not have any obligation to pay any amounts or benefits under Section 5 of this Agreement. The Executive shall provide the General Release in the same manner as providing written notice to the Company under Section 9 above.

12. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and the President of the Company or his designee. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the

laws of Connecticut without regard to its conflicts of law principles. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

13. Validity; Counterparts. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Supersedes All Other Agreements. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party.

15. Intentionally Omitted.

16. Settlement of Disputes. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.

17. Arbitration. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Hartford, Connecticut, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

18. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 6.1 of this Agreement) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists. Notwithstanding the foregoing, Cause shall not include any act or omission of which the Audit Committee of the Board (or the full Board) has had actual knowledge of all material facts related thereto for at least 90 days without asserting that the act or omission constitutes Cause.

(e) "Change in Control" for purposes of this Agreement shall mean any of the following events, provided that such an event is not also a Management Buyout:

(i) any Person is or becomes the Beneficial Owner directly or indirectly, of securities of the Company representing thirty-five (35%) or more of the combined voting power of the Company's then outstanding voting securities generally entitled to vote in the election of directors of the Company; provided, however, that no Change in Control will be deemed to have occurred as a result of a change in ownership percentage resulting solely from an acquisition of securities by the Company or a transaction described in clause (A) of paragraph (iii) below;

(ii) during any period of two consecutive years, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Board") cease to constitute at least a majority of the Board; provided, that any person becoming a director of the Company subsequent to the beginning of such period whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company and whose appointment or election was not approved by at least a majority of the directors of the Company in office immediately before any such contest;

(iii) there is consummated a Merger of the Company with any other business entity, other than (A) a Merger which would result in the securities of the Company generally entitled to vote in the election of directors of the Company outstanding immediately prior to such Merger continuing to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding such securities under an employee benefit plan of the Company or any Subsidiary, at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such Merger, generally entitled to vote in the election of directors of the Company or such surviving entity or any parent thereof and, in the case of such surviving entity or any parent thereof, of a class registered under Section 12 of the Exchange Act, or (B) a Merger effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding voting securities generally entitled to vote in the election of directors of the Company; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity where the outstanding securities generally entitled to vote in the election of directors of the Company immediately prior to the transaction continue to represent (either by remaining outstanding or by being converted into such securities of the surviving entity or any parent thereof) 50% or more of the combined voting power of the outstanding voting securities of such entity generally entitled to vote in such entity's election of directors immediately after such sale and of a class registered under Section 12 of the Exchange Act.

Within five (5) days after a Change in Control has occurred, the Company shall deliver to the Executive a written statement memorializing the date that the Change in Control occurred.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor Code, and related rules, regulations and interpretations.

(g) "Company" shall mean Kaman Corporation and, except in determining under Section 18(e) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets.

(h) Intentionally Omitted.

(i) "Date of Termination" shall have the meaning set forth in Section 6.2 of this Agreement.

(j) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of

Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive’s duties.

(k) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

(l) “Excise Tax” shall mean any excise tax imposed under Section 4999 of the Code.

(m) “Executive” shall mean the individual named in the preamble to this Agreement

(n) “Good Reason” for termination by the Executive of the Executive’s employment shall mean the occurrence (without the Executive’s express written consent) after any Change in Control (if more than one Change in Control has occurred, any reference to a Change in Control in this subsection (n) shall refer to the most recent Change in Control), of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraph (i), (v), (vi), or (vii) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(i) the assignment to the Executive of any duties inconsistent with the Executive’s status as Senior Vice President - Corporate Development of the Company or a substantial diminution in the nature or status of the Executive’s responsibilities from those in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive’s annual Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;

(iii) the relocation of the Executive’s principal place of employment to a location more than 50 miles from the Executive’s principal place of employment immediately prior to the Change in Control or the Company’s requiring the Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company’s business to an extent substantially consistent with the Executive’s business travel obligations immediately prior to the Change in Control;

(iv) the failure by the Company to pay to the Executive any portion of the Executive’s current compensation, or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;

(v) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation (including, but not limited to, the Kaman Corporation Compensation Administration Plan, Kaman Corporation Cash Bonus Plan, and Kaman Corporation 2003 Stock Incentive Plan), unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control;

(vi) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's life insurance, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control, the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control, provided, however, that this paragraph shall not be construed to require the Company to provide the Executive with a defined benefit pension plan if no such plan is provided to similarly situated executive officers of the Company or its Affiliates;

(vii) any purported termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 6.1 of this Agreement; for purposes of this Agreement, no such purported termination shall be effective; or

(viii) the failure of any successor to Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in accordance with its terms prior to the effectiveness of any such succession.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

Notwithstanding anything to the contrary above, the Executive shall not have “Good Reason” to terminate employment due solely to one or more of the following events: (1) there is a diminution of the business of the Company or any of its subsidiaries, including, without limitation, a sale or other transfer of property or other assets of the Company or its subsidiaries, or a reduction in the Executive’s business unit’s head count or budget, or (2) a suspension of the Executive’s position, job functions, authorities, duties and responsibilities while on paid administrative leave due to a reasonable belief by the Board that the Executive has engaged in conduct that would give adequate grounds to terminate the Executive’s employment for Cause.

(o) Intentionally Omitted.

(p) “Management Buyout” means any event or transaction which would otherwise constitute a Change in Control (a “Transaction”) if, in connection with the Transaction, the Executive, members of the Executive’s immediate family, and/or the “Executive’s Affiliates” (as defined below) participate, directly or beneficially, as an equity investor in, or have the option or right to acquire, whether or not vested, equity interests of, the acquiring entity or any of its Affiliates (the “Acquiror”) having a percentage interest therein greater than 1%. For purposes of the preceding sentence, a party shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the party of an incentive compensation award under one or more incentive plans of the Acquiror (including, but not limited to, the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other employees of the Company at a comparable level as such party immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title and the like, or (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other shareholders of the Company or (iii) the party’s interests in any tax-qualified defined benefit or defined contribution pension or retirement plan in which such party or any family member is a participant or beneficiary. The “Executive’s Affiliates” at any time consist of any entity in which the Executive and/or members of the Executive’s immediate family then own, directly or beneficially, or have the option or right to acquire, whether or not vested, greater than 10% of such entity’s equity interests, and all then current directors and executive officers of the Company who are members of any group, that also includes the Executive, a member of the Executive’s immediate family and/or any such entity, in which the members have agreed to act together for the purpose of participating in the Transaction. The Executive’s immediate family consists of the Executive’s spouse, parents, children and grandchildren.

(q) “Merger” means a merger, share exchange, consolidation or similar business combination under applicable law.

(r) “Notice of Termination” shall have the meaning set forth in Section 6.1 of this Agreement.

(s) “Payments” shall have the meaning set forth in Section 5.1 of this Agreement.

(t) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its direct or indirect Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions and with substantially the same voting rights as their ownership and voting rights with respect to the Company.

(u) “Subsidiary” shall mean any corporation within the meaning of Section 424(f) of the Code.

(v) “Term” shall mean the period of time described in Section 2 of this Agreement.

19. Payment of Compensation. The parties intend that the benefits and payments provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company shall in no event be obligated to indemnify the Executive for any taxes or interest that may be assessed by the IRS pursuant to Section 409A of the Code. References to paying an annual bonus at the same time as paid to other senior executives shall mean that the payment date is to be determined under the terms of the Company’s annual bonus plan or program then in effect.

IN WITNESS WHEREOF, the parties have executed this agreement.

Kaman Corporation

/s/ Neal J. Keating	February 26, 2016
By: Neal J. Keating	Date
Its: President and Chief Executive Officer	

Executive

/s/ John J. Tedone	February 26, 2016
John J. Tedone	Date

APPENDIX A

FORM OF RELEASE

AGREEMENT AND GENERAL RELEASE

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

1. Last Day of Employment. Executive's last day of employment with Employer is ______________. In addition, effective as of DATE, Executive resigns from the Executive's positions as Senior Vice President - Corporate Development and will not be eligible for any benefits or compensation after ________ other than as specifically provided under the Change in Control Agreement between Employer and Executive effective as of DATE (the "Change in Control Agreement")**.** Executive further acknowledges and agrees that, after DATE, the Executive will not represent the Executive as being a director, employee, officer, trustee, agent or representative of Employer for any purpose. In addition, effective as of DATE, Executive resigns from all offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, Employer or any benefit plans of Employer. These resignations will become irrevocable as set forth in Section 3 below.

2. Consideration. The parties acknowledge that this Agreement and General Release is being executed in accordance with Section 11 of the Change in Control Agreement.

3. Revocation. Executive may revoke this Agreement and General Release for a period of seven (7) calendar days following the day Executive executes this Agreement and General Release. Any revocation within this period must be submitted, in writing, to Employer and state, "I hereby revoke my acceptance of our Agreement and General Release." The revocation must be personally delivered to Employer's Chief Executive Officer, or his/her designee, or mailed to Kaman Corporation, 1332 Blue Hills Avenue, P.O. Box 1, Bloomfield, CT 06002, Attention: Chief Executive Officer, and postmarked within seven (7) calendar days of execution of this Agreement and General Release. This Agreement and General Release shall not become effective or enforceable until the revocation period has expired. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in Hartford, Connecticut, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.

4. General Release of Claim. Subject to the full satisfaction by the Employer of its obligations under the Change in Control Agreement, Employee knowingly and voluntarily releases and forever discharges Employer from any and all claims, causes of action, demands, fees and liabilities of any kind whatsoever, whether known and unknown, against Employer,

Employee has, has ever had or may have as of the date of execution of this Agreement and General Release, including, but not limited to, any alleged violation of:

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

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

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

6. Affirmations. Employee affirms Executive has not filed, has not caused to be filed, and is not presently a party to, any claim, complaint, or action against Employer in any forum. Employee further affirms that the Executive has been paid and/or has received all

compensation, wages, bonuses, commissions, and/or benefits to which Executive may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to Executive, except as provided under the Change in Control Agreement. Employee also affirms Executive has no known workplace injuries.

7. Cooperation; Return of Property. In accordance with Section 10(f) of the Change in Control Agreement, Employee agrees to reasonably cooperate with Employer and its counsel in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during Executive's employment in which Executive was involved or of which Executive has knowledge and Employer will reimburse the Employee for any reasonable out-of-pocket travel, delivery or similar expenses incurred and lost wages (or will provide reasonable compensation if Executive is not then employed) in providing such service to Employer. The Employee represents the Executive has complied with Section 10(e) of the Change in Control Agreement regarding the return of Employer property and records.

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

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

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

11. Entire Agreement. This Agreement and General Release sets forth the entire agreement between the parties hereto and fully supersedes any prior agreements or understandings between the parties; provided, however, that notwithstanding anything in this Agreement and General Release, the provisions in the Change in Control Agreement which are intended to survive termination of the Change in Control Agreement, including but not limited to those contained in Section 10 thereof, shall survive and continue in full force and effect. Employee acknowledges Executive has not relied on any representations, promises, or agreements of any kind made to Executive in connection with Executive's decision to accept this Agreement and General Release.

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

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

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

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

KAMAN CORPORATION

By: ______________________
Name:
Title: ______________________

Date:

____
John Tedone
Date: ______________________

Exhibit 31.1

Certification Pursuant to Rule
13a-14 under the Securities
Exchange Act of 1934

I, Neal J. Keating, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kaman Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

By: */s/ Neal J. Keating*

Neal J. Keating
Chairman, President and
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Rule
13a-14 under the Securities and
Exchange Act of 1934

I, Robert D. Starr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kaman Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016	By:	*/s/ Robert D. Starr*
		Robert D. Starr
		Executive Vice President and
		Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Kaman Corporation (the "Corporation") on Form 10-Q for the quarter ended April 1, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal J. Keating, Chairman, President and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: */s/ Neal J. Keating*
Neal J. Keating
Chairman, President and
Chief Executive Officer
May 3, 2016

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Kaman Corporation (the "Corporation") on Form 10-Q for the quarter ended April 1, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert D. Starr, Executive Vice President and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: */s/ Robert D. Starr*
Robert D. Starr
Executive Vice President
and Chief Financial Officer
May 3, 2016