

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

JUNE 30, 1995.  
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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 No. 0-1093

KAMAN CORPORATION  
(Exact Name of Registrant)

Connecticut 06-0613548  
(State of Incorporation) (I.R.S. Employer Identification No.)

Blue Hills Avenue  
Bloomfield, Connecticut 06002  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (203)243-7100

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  
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Indicate the number of shares outstanding of each of the issuer's classes of common stock as of July 31, 1995:

Class A Common	17,689,159
Class B Common	667,814



KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION

Item 1. Financial Statements:

Condensed Consolidated Balance Sheets  
(In thousands)

Assets	June 30, 1995	December 31, 1994
-----	-----	-----
Current assets:		
Cash	\$ 3,104	\$ 3,711
Accounts receivable (net of allowance for doubtful accounts of \$2,136 in 1995, \$1,665 in 1994)	165,146	146,411
Inventories:		
Raw materials	8,087	\$ 9,616
Work-in-process	49,038	36,408
Finished goods	20,180	17,282
Merchandise for resale	105,139	96,918
	-----	-----
Other current assets	27,465	28,666
	-----	-----
Total current assets	378,159	339,012
Property, plant and equipment, at cost	185,409	183,403
Less accumulated depreciation and amortization	101,177	98,782
	-----	-----
Net property, plant and equipment	84,232	84,621
Other assets	19,277	19,316
	-----	-----
	\$481,668	\$442,949
	=====	=====
Liabilities and Shareholders' Equity		
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Current liabilities:		
Notes payable	\$ 54,568	\$ 53,318
Accounts payable	56,036	54,561
Accrued liabilities	34,109	34,560
Other current liabilities	56,194	50,443
	-----	-----
Total current liabilities	200,907	192,882
Deferred credits	9,498	8,880
Long-term debt, excluding current portion	61,805	37,433
Shareholders' equity:		
Series 2 preferred stock	\$ 57,167	\$ 57,167
Other shareholders' equity	152,291	146,587
	-----	-----
	\$481,668	\$442,949
	=====	=====

KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

Item 1. Financial Statements, Continued:

Condensed Consolidated Statements of Earnings  
(In thousands except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1995	1994	1995	1994
	----	----	----	----
Revenues	\$221,938	\$208,957	\$431,954	\$406,937
Costs and expenses:				
Cost of sales	165,230	155,923	317,396	301,552
Selling, general and administrative expense	46,696	44,167	93,221	88,405
Interest expense	2,250	1,052	4,084	1,922
Other expense	(45)	401	240	505
	-----	-----	-----	-----
	214,131	201,543	414,941	392,384
	-----	-----	-----	-----
Earnings before income taxes	7,807	7,414	17,013	14,553
Income taxes	3,144	2,818	6,800	5,717
	-----	-----	-----	-----
Net earnings	\$ 4,663	\$ 4,596	\$ 10,213	\$ 8,836
	=====	=====	=====	=====
Preferred stock dividend requirement	\$ (929)	\$ (929)	\$ (1,858)	\$ (1,858)
	=====	=====	=====	=====
Earnings applicable to common stock	\$ 3,734	\$ 3,667	\$ 8,355	\$ 6,978
	=====	=====	=====	=====
Net earnings per common share:				
Primary	\$ .20	\$ .20	\$ .45	\$ .38
Fully diluted	\$ .20	\$ .20	\$ .44	\$ .38
	=====	=====	=====	=====
Dividends declared per share:				
Series 2 preferred stock	\$ 3.25	\$ 3.25	\$ 6.50	\$ 6.50
Common stock	\$ .11	\$ .11	\$ .22	\$ .22
	=====	=====	=====	=====

KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

Item 1. Financial Statements, Continued:

Condensed Consolidated Statements of Cash Flows  
(In thousands)

	For the Six Months Ended June 30,	
	1995	1994
Cash flows from operating activities:		
Net earnings	\$10,213	\$ 8,836
Depreciation and amortization	5,627	6,122
Gain on sale of assets	(1,773)	-
Changes in current assets and liabilities	(34,667)	(7,412)
Other, net	789	584
	-----	-----
Cash provided by (used in) operating activities	(19,811)	8,130
	-----	-----
Cash flows from investing activities:		
Proceeds from sale of assets	3,810	-
Expenditures for property, plant & equipment	(5,367)	(5,119)
Other, net	(122)	(1,110)
	-----	-----
Cash provided by (used in) investing activities	(1,679)	(6,229)
	-----	-----
Cash flows from financing activities:		
Additions to notes payable	1,250	2,400
Additions to long-term debt	25,000	-
Dividends paid	(5,885)	(5,858)
Other, net	518	1,145
	-----	-----
Cash provided by (used in) financing activities	20,883	(2,313)
	-----	-----
Net increase (decrease) in cash	(607)	(412)
Cash at beginning of period	3,711	3,845
	-----	-----
Cash at end of period	\$ 3,104	\$ 3,433
	=====	=====



KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

Item 1. Financial Statements, Continued:

Notes to Condensed Consolidated Financial Statements  
(In Thousands)

Basis of Presentation

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The December 31, 1994 condensed consolidated balance sheet amounts have been derived from the previously audited consolidated balance sheet of Kaman Corporation and subsidiaries.

The balance of the condensed financial information reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented and are of a normal recurring nature unless otherwise disclosed in this report.

The statements should be read in conjunction with the notes to the consolidated financial statements included in Kaman Corporation's 1994 Annual Report.

Cash Flow Items

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Cash payments for interest were \$3,866 and \$1,876 for the six months ended June 30, 1995 and 1994, respectively. Cash payments for income taxes for the six months ended June 30, 1995 and 1994 were \$1,743 and \$6,270, respectively.





KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

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

Results of Operations

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Consolidated revenues increased approximately 6% for both the three month and six month periods ended June 30, 1995 compared with the same periods of 1994. These results are attributable to increased sales in the Distribution segment.

Distribution segment revenues were up about 12% and 14% for the quarter and six months ended June 30, 1995, respectively, compared with the same periods of 1994. These increases are primarily due to the industrial distribution business, which comprises slightly more than 75% of the Distribution segment.

Industrial Distribution sales have continued to benefit from the relatively healthy domestic economy, although economic growth slowed somewhat during the second quarter. Revenue increases have been stronger than the general rate of growth, however, due in part to initiatives undertaken to address the needs of customers that desire to reduce their vendor base and expand "partnering" relationships with suppliers. Industrial Distribution's efforts include value added services in the advanced technology areas of electrical and electronic systems, materials handling and precision positioning systems. These measures, in combination with enhanced operating efficiencies attained during the past few years, have resulted in increased market share for the industrial distribution business.

Music Distribution sales also increased during the three month and six month periods of 1995, primarily due to increased domestic sales. Music experienced some softening in European and Asian markets during the second quarter.

Diversified Technologies segment revenues were down about 2% for the three month period and down 6% for the six month period ended June 30, 1995, compared with the same periods of 1994. These results reflect the ongoing influence of conditions in defense markets and the commercial aircraft industry.

The Diversified Technologies segment continues to adapt to the evolving U.S. defense market. The federal government's planning and spending priorities are shifting toward more emphasis on advanced technology programs. Management believes that it is well positioned to compete in this environment because it has significant expertise in the field of advanced technology programs, having performed a multitude of government contracts over the years. These contracts have involved products and systems, as well as advanced technology services such as computer software development, intelligence analysis, and research and development. The corporation continues to be successful in maintaining revenues from this type of business, however, competition for these contracts is increasing.

KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

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

There is also considerable pressure within the defense market for allocation of the overall defense budget. In this environment, military hardware programs have been more vulnerable to the risk of program termination. The corporation's program to retrofit its SH-2F helicopter to the SH-2G configuration illustrates this. Its contract with the U.S. Navy for retrofit work has now been completed and management has no current expectation that the Navy will have further requirements for the SH-2, as fleet size is now being reduced. The naval reserves continue to maintain two squadrons of this helicopter, however, there are no SH-2s in active service at this time. The corporation expects to continue to provide logistics and spare parts support, but at lower levels than in the past.

There is some potential for SH-2 sales to foreign military services and the corporation is actively pursuing those opportunities. For example, in late 1994, the Egyptian government signed a letter of agreement with the U.S. Navy for the acquisition of ten (10) SH-2G helicopters. The Corporation is in the process of negotiating a contract with the U.S. Navy to perform this retrofit work, which could have a value of up to \$140 million over a three (3) year period. During the first quarter of 1995, the corporation received a letter contract valued at about \$30 million to provide long lead materials and services in support of the sale.

The Diversified Technologies segment continues efforts to further develop commercial markets for its products. For some time now, the corporation has performed subcontract work on several commercial airframe manufacturing programs. This work continues although it has been affected by the slowdown in aircraft production rates in the domestic aircraft industry.

The K-MAX (registered trademark) helicopter program is another important commercial initiative for the segment. The K-MAX (registered trademark) is a medium to heavy lift 'aerial truck' with operating characteristics that distinguish it from other helicopters for use in logging, fire fighting, reforestation, utility power line work, and other applications. The helicopter received Federal Aviation Administration Type Certification in August, 1994 and has since received type approval in Canada and Switzerland. The first five (5) helicopters were completed and deliveries to initial customers began in September, 1994 under a special lease program which provides the corporation the opportunity to maintain active involvement in the product's introduction to the marketplace. The next production lot will consist of six (6) helicopters, which will be available for sale during 1995 to customers in the United States and abroad. Deliveries to Canada and Switzerland were made during the second quarter of 1995. Management expects that the third production lot will also consist of six (6) helicopters, which will be available for sale in 1996. Management has deliberately taken a conservative approach to introducing this new model of helicopter and expects that sales and profitability will take some time to achieve.

KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

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

Total operating profits for the segments increased 11% and 20% for the three months and six months of 1995 compared to the same periods a year ago. Operating profits for the Diversified Technologies segment were up 17% and 28% for the quarter and six months, respectively, from the same periods of 1994. Almost fifty percent of the Diversified Technologies segment increase is attributable to the gain on sale of real estate in the segment during the first quarter. Operating profits for the Distribution segment increased 3% and 7% for the quarter and six months ended June 30, 1995, compared with the same periods of 1994. These results are attributable to a healthy domestic economy and to some degree to the effects of the industrial distribution business' value added systems marketing strategy which has differentiated it from its competitors. Music distribution results were adversely affected by some softening in European and Asian markets during the second quarter and this impacted overall results for the segment.

Interest expense for the first six months of 1995 increased 112% compared to the same period of 1994, due to increases in average borrowings and somewhat higher interest rates.

The consolidated effective income tax rate for the first six months of 1995 was 40.0%. For the same period of 1994, the rate was 39.3%.

Net earnings were \$4.7 million for the quarter ended June 30, 1995, compared to \$4.6 million for the same period of 1994. After giving effect to preferred stock dividend requirements, earnings available to common shareholders were \$3.7 million for the second quarter of 1995, level with the same period of 1994.

Net earnings were \$10.2 million for the first six months of 1995, compared to \$8.8 million for the same period of 1994. After giving effect to preferred stock dividend requirements, earnings available to common shareholders were \$8.4 million for the six month period of 1995, compared to \$7.0 million for the same period of 1994.

Liquidity and Capital Resources

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The corporation's cash flow from operations has generally been sufficient to finance a significant portion of its working capital and other capital requirements. During the first six months of 1995, the corporation financed somewhat more of its requirements from bank borrowings, compared to the same period of 1994.

For general borrowing purposes, the corporation has maintained revolving credit agreements involving several banks located in the United States, Canada, and Europe, with a maximum unsecured line of credit of \$200 million. The agreements each have a term of five years and contain provisions permitting the term to be extended for additional one-year periods upon concurrence of the parties. During the second quarter of 1995, the agreements were extended for a period of one additional year to July, 2000.

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KAMAN CORPORATION AND SUBSIDIARIES  
PART I - FINANCIAL INFORMATION, Continued

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

The agreements also contain various covenants, including debt to capitalization and consolidated net worth requirements; these covenants could serve to limit total available borrowings. The corporation borrowed \$25 million under these agreements in March, 1995, which borrowing was still outstanding at June 30, 1995. There were no borrowings for the first six months of 1994.

The corporation also maintains other short-term credit arrangements with various banks. As of June 30, 1995, these borrowings were at \$53.9 million. For the quarter ended June 30, 1995, average bank borrowings against these short-term arrangements were \$69.8 million compared to \$34.4 million a year ago.

The corporation maintains a stock repurchase program, under which it is authorized to repurchase a total of approximately 700,000 Class A shares. As of June 30, 1995, a total of 188 thousand Class A shares had been repurchased pursuant to the program. The primary purpose of the stock repurchase program is to meet the needs of the Employees Stock Purchase Plan and Stock Incentive Plan.

Management believes that the corporation's cash flow from operations and available unused bank lines of credit under its revolving credit agreements are currently sufficient to finance its working capital and other capital requirements for the foreseeable future.



KAMAN CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits to Form 10-Q:

- (4a) Amendment to the Second Amended and Restated Revolving Credit Agreement between the Corporation and The Shawmut Bank Connecticut, as agent, dated as of July 15, 1994.
- (4b) Amendment to the Second Amended and Restated Revolving Credit Agreement between the Corporation and The Bank of Nova Scotia, as agent, dated as of July 15, 1994.
- (11) Earnings per common share computation.
- (27) Financial Data Schedule.

(b) Reports on Form 8-K:

There have been no reports on Form 8-K filed during the quarter ended June 30, 1995.

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: August 11, 1995

By Harvey S. Levenson  
President  
(Duly Authorized Officer)

Date: August 11, 1995

By Robert M. Garneau  
Senior Vice President and  
Chief Financial Officer



KAMAN CORPORATION AND SUBSIDIARIES

Index to Exhibits

Exhibit 4a	Amendment to the Second Amended and Restated Revolving Credit Agreement between the Corporation and The Shawmut Bank Connecticut, as agent, dated as of July 15, 1994.	Attached
Exhibit 4b	Amendment to the Second Amended and Restated Revolving Credit Agreement between the Corporation and The Bank of Nova Scotia, as agent, dated as of July 15, 1994.	Attached
Exhibit 11	Earnings Per Common Share Computation	Attached
Exhibit 27	Financial Data Schedule	Attached







CONSENT

The undersigned parties hereby consent to the extension of the maturity date of the Second Amended and Restated Revolving Credit Agreement dated as of July 15, 1994, by and among Kaman Corporation and the undersigned parties (the "Agreement") in accordance with Section 1.20 thereof for an additional one year period from July 15, 1999 to July 15, 2000 as requested by Kaman Corporation in its letter of March 16, 1995.

SHAWMUT BANK CONNECTICUT, N.A.

By: Jeffrey C. Lynch

THE FIRST NATIONAL BANK OF BOSTON

By: Harvey H. Thayer, Jr.

BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION

By: John W. Pocalyko

NATIONSBANK, N.A. (CAROLINAS)

By: Christopher C. Browder

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CONSENT

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THE BANK OF NOVA SCOTIA

By: T.M. Pitcher

ABN AMRO BANK, N.V.

By: James E. Davis

SOCIETE GENERALE

By: John W. Stelwagon

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KAMAN CORPORATION AND SUBSIDIARIES  
EXHIBIT 11 - EARNINGS PER COMMON SHARE COMPUTATION  
(In thousands except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1995	1994	1995	1994
	----	----	----	----
Primary:				
Net earnings applicable to common stock	\$ 3,734	\$ 3,667	\$ 8,355	\$ 6,978
	=====	=====	=====	=====
Weighted average number of common shares outstanding	18,306	18,190	18,266	18,158
Weighted avg. shares issuable on exercise of dilutive stock options	210	83	192	97
	-----	-----	-----	-----
Total	18,516	18,273	18,458	18,255
	=====	=====	=====	=====
Net earnings per common share- primary	\$ .20	\$ .20	\$ .45	\$ .38
	=====	=====	=====	=====
Fully diluted:				
Net earnings applicable to common stock	\$ 3,734	\$ 3,667	\$ 8,355	\$ 6,978
Elimination of interest expense on 6% subordinated convertible debentures (net after taxes)	297	309	597	*
Elimination of preferred stock dividend requirement	929	929	1,858	*
	-----	-----	-----	-----
Net earnings (as adjusted)	\$ 4,960	\$ 4,905	\$ 10,810	\$ 6,978
	=====	=====	=====	=====
Weighted avg. no. of shares out- standing including shares issuable on exercise of stock options	18,516	18,273	18,458	18,255
Shares issuable on conversion of 6% subordinated convertible debentures	1,421	1,421	1,421	*
Shares issuable on conversion of Series 2 preferred stock	4,551	4,551	4,551	*
Additional shares using ending mkt. price instead of avg. mkt. on treasury method use of stock option proceeds	28	-	14	-
	-----	-----	-----	-----
Total	24,516	24,245	24,444	18,255
	=====	=====	=====	=====
Net earnings per common share - fully diluted	\$ .20	\$ .20	\$ .44	\$ .38
	=====	=====	=====	=====

\* Anti-dilutive and accordingly not included in the computation.

<\table)

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The schedule contains summary financial information extracted from the corporation's quarterly report to shareholders and is qualified in its entirety by reference to such financial statements.

1,000

6-MOS	
	DEC-31-1995
	JAN-01-1995
	JUN-30-1995
	3,104
	0
	167,282
	(2,136)
	182,444
	378,159
	185,409
	(101,177)
	481,668
200,907	
	61,805
	18,337
	0
	57,167
	133,954
481,668	
	429,491
	431,954
	317,396
	410,617
	240
	0
	4,084
	17,013
	6,800
10,213	
	0
	0
	0
	10,213
	.45
	.44