

KAMAN Corp  
Form DEF 14A  
March 04, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934  
(Amendment No. )

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Filed by the Registrant X  
Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

KAMAN CORPORATION  
(Name of Registrant as Specified in Its Charter)  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:

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Notice of Annual Meeting and  
Proxy Statement

April 20, 2016

1332 BLUE HILLS AVENUE  
BLOOMFIELD, CONNECTICUT 06002

NEAL J. KEATING  
CHAIRMAN OF THE BOARD, PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

March 4, 2016

To Our Shareholders:

I would like to extend a personal invitation for you to join us at our Annual Meeting of Shareholders, which will be held on Wednesday, April 20, 2016, at 9:00 a.m., local time, at the corporate headquarters of the Company located at 1332 Blue Hills Avenue, Bloomfield, Connecticut. The meeting will be held in the cafeteria located in Building 19 on our Bloomfield campus. Appropriate signage will be in place directing you to the cafeteria the day of the meeting.

At this year's meeting, you will be asked to (i) elect four Class II directors, (ii) approve, on a non-binding advisory basis, the compensation of our named executive officers, (iii) ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors, and (iv) consider, on a non-binding advisory basis if properly presented at the meeting, a shareholder proposal seeking to elect directors annually. We will also discuss the financial performance of the Company during 2015.

Last year, we were fortunate to have over 94% of the Company's outstanding shares represented at the meeting. We hope to have a similar turnout this year. You can vote your shares via the Internet or by using a toll-free telephone number. Instructions for using these convenient services appear in the Proxy Statement. If you are receiving a hard copy of the proxy materials, you can also vote your shares by marking your votes on the proxy card, signing and dating it and mailing it promptly using the envelope provided.

Your voice is important to us, and we encourage you to attend the meeting in person. If you are unable to attend, we urge you to vote your shares.

On behalf of our Board of Directors, we thank you for your continued support and we look forward to seeing you at the meeting.

Sincerely,

Neal J. Keating  
Chairman of the Board, President and  
Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD

April 20, 2016

The Annual Meeting of Shareholders of Kaman Corporation will be held at the corporate headquarters of the Company located at 1332 Blue Hills Avenue, Bloomfield, Connecticut, on Wednesday, April 20, 2016, at 9:00 a.m., local time, for the following purposes:

1. To elect four Class II directors to serve for terms of three years each and until their successors are duly elected and qualify;
2. To approve, on a non-binding advisory basis, the compensation of the Company's named executive officers;
3. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm;
4. To consider, on a non-binding advisory basis if properly presented at the meeting, a shareholder proposal seeking to elect directors annually; and
5. To transact such other business as may properly come before the meeting.

The close of business on February 12, 2016, has been fixed as the record date for determining the holders of Common Stock entitled to notice of, and to vote at, the Annual Meeting.

In connection with the Annual Meeting, we have prepared a meeting notice, a proxy statement, and our annual report to shareholders, all of which provide important information that our shareholders will want to review before the Annual Meeting. On March 4, 2016, we mailed a Notice of Internet Availability of Proxy Materials instructing our shareholders how to access these materials online and how to submit proxies by telephone or the Internet. We use this online access format because it expedites the delivery of materials, reduces printing and postage costs and eliminates bulky paper documents from your files, creating a more efficient process for both shareholders and the Company. If you receive the Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of these materials unless you specifically request one. The Notice of Internet Availability of Proxy Materials contains instructions on how to obtain a paper copy of the materials. If you receive paper copies of the materials, a proxy card will also be enclosed.

You may vote using the Internet, telephone or mail, or by attending the meeting and voting in person. If you plan to attend in person, you will need to provide proof of share ownership, such as an account or brokerage statement, and a form of personal identification in order to vote your shares.

All shareholders are cordially invited to attend the meeting.

Date: March 4, 2016

BY ORDER OF THE BOARD OF DIRECTORS

Richard S. Smith, Jr.  
Vice President, Deputy General Counsel, and Secretary

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 20, 2016: This Notice of Annual Meeting and Proxy Statement and the Company's Annual Report for the year ended December 31, 2015, are available free of charge on our website at [www.kaman.com/investors/financial-information](http://www.kaman.com/investors/financial-information).

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Section 16(a) Beneficial Ownership Reporting  
Compliance

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PROXY STATEMENT SUMMARY

Date, Time and Place of Annual Meeting

The Annual Meeting is being held at 9:00 a.m., local time, on Wednesday, April 20, 2016, at the corporate headquarters of the Company located at 1332 Blue Hills Avenue, Bloomfield, Connecticut. The meeting will be held in the cafeteria located in Building 19 on our Bloomfield campus. Appropriate signage will be in place directing you to the cafeteria the day of the meeting.

Availability of Proxy Materials

Your proxy is being solicited for use at the Annual Meeting on behalf of the Board of Directors of the Company. On March 4, 2016, we mailed a Notice of Internet Availability of Proxy Materials to all shareholders of record as of February 12, 2016, the record date for the Meeting, advising that they could view all of the proxy materials online at [www.envisionreports.com/KAMN](http://www.envisionreports.com/KAMN), or request a paper copy of the proxy materials free of charge. You may request a paper or email copy of the materials using any of the following methods:

- : By Internet: Go to [www.envisionreports.com/KAMN](http://www.envisionreports.com/KAMN). Click "Cast Your Vote or Request Materials" and follow the instructions to log in and order a paper copy of the Meeting materials.
- ( By Phone: Call 1-866-641-4276 toll-free and follow the instructions to log in and order a paper copy of the Meeting materials.
- \* By Email: Send an email to [investorvote@computershare.com](mailto:investorvote@computershare.com) with "Proxy Materials Kaman Corporation" in the subject line. Include in the message your full name and address, and state that you want a paper copy of the Meeting materials.

All requests must include the control number set forth in the shaded area of the Notice of Internet Availability of Proxy Materials. To facilitate timely delivery, all requests must be received by April 11, 2016.

Eligibility to Vote

You can vote if you held shares of the Company's Common Stock as of the close of business on February 12, 2016. Each share of Common Stock is entitled to one vote. As of February 12, 2016, there were 27,020,574 shares of Common Stock outstanding and eligible to vote.

How to Vote

You may vote by using any of the following methods:

- : By Internet: Go to [www.envisionreports.com/KAMN](http://www.envisionreports.com/KAMN). Have your Notice of Internet Availability of Proxy Materials or proxy card in hand when you go to the website.
- ( By Phone: Call 1-800-652-VOTE (8683) toll-free. Have your proxy card in hand when you call and then follow the instructions.
- + By Mail: If you requested a paper copy of the proxy materials, complete, sign, and return your proxy card in the prepaid envelope.
- ó In Person: Attend the Annual Meeting and vote in person.

Revocation of Proxy

You may revoke your proxy at any time prior to its being counted at the Annual Meeting by:

- ü casting a new vote using the Internet or by telephone;
- ü giving written notice to the Company's Corporate Secretary or submitting a written proxy bearing a later date prior to the beginning of the Annual Meeting; or
- ü attending the Annual Meeting and voting in person.

Meeting Agenda and Voting Recommendations

Proposal	Matter	Board Recommendation	Page Reference
1.	Election of Four Class II Directors For Three-Year Terms	"FOR" EACH NOMINEE	4
2.	Non-binding Advisory Vote on Executive Officer Compensation Ratification of Appointment of PricewaterhouseCoopers LLP as	"FOR"	49
3.	Independent Registered Public Accounting Firm for the Company for 2016	"FOR"	50
4.	Non-binding Advisory Vote to Elect Directors Annually	"AGAINST"	52



(i)

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## Our Board of Directors

			<b>Total Compensation from Fund and Fund Complex Paid to Trustee**</b>	
<b>Independent Trustees</b>				
Joel Citron	\$	25,000	\$	28,750
Julie Dien	\$	26,000	\$	29,750
Ledoux Darren Thompson	\$	27,529****	\$	31,279
<b>Interested Trustee***</b>				
Randolph Takian	\$	0	\$	0

\* All are current Trustees

\*\* The term "Fund Complex" means two or more registered investment companies that share the same investment adviser or principal underwriter or hold themselves out to investors as related companies for the purposes of investment and investor services. The Fund Complex includes the Fund and the Avenue Mutual Funds Trust.

\*\*\* No compensation is paid by the Fund to Trustees who are interested persons of the Fund or of any entity of the Adviser or to officers.

\*\*\*\* Includes \$1,529 reimbursed for reasonable out-of-pocket expenses related to service as a Trustee.

**Section 16(a) Beneficial Ownership Reporting Compliance.** Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 30(h) of the Investment Company Act in combination generally require the Fund's Trustees and officers, persons who own more than ten percent (10%) of any class of the Fund's securities, and the Adviser and their affiliated persons, to file reports of ownership and changes in ownership of the Fund's securities with the SEC. Based solely on a review of the reports filed with the SEC, the Fund believes that during the fiscal year ended October 31, 2012, all Section 16(a) filing requirements applicable to Fund officers, Trustees and greater than 10% beneficial owners were complied with.

**Management Ownership.** To the knowledge of the Fund's management, as of the close of business on March 27, 2013, the officers and Trustees of the Fund owned, as a group, less than 1% of the outstanding Shares of the Fund. The following table sets forth the aggregate dollar range of equity securities of the Fund and of all Funds overseen by each Trustee in the Fund Complex beneficially owned by the Trustees as of December 31, 2012:

**Amount Invested Key**

- A. None
- B. \$1-\$10,000
- C. \$10,001-\$50,000
- D. \$50,001-\$100,000

E. over \$100,000

Name of Trustee	Dollar Range of Fund Shares Owned	Aggregate Dollar Range of Equity Securities in all Funds Overseen by Trustees in Fund Complex
<b>Independent Trustees</b>		
Joel Citron	A	A
Julie Dien Ledoux	A	A
Darren Thompson	A	A
<b>Interested Trustee</b>		
Randolph Takian	A	A

**Trustee Transactions with Fund Affiliates.** For Independent Trustees and their family members, the following table provides information regarding each class of securities owned beneficially in an investment adviser or principal underwriter of the Fund, or a person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with an Avenue Manager or principal underwriter of the Fund as of December 31, 2012.

Name of Trustee	Name of Owners and Relationships to Trustee	Company	Title of Class	Value of Securities	Percent of Class
Joel Citron	None	N/A	N/A	N/A	N/A
Julie Dien Ledoux*	Self	MAGS Capital VI, LLC; MAGS Capital VIII, LLC	Limited Liability Company Interest	Less than \$10,000	Approximately 4.4% in MAGS Capital VI, LLC; Approximately 9.5% in MAGS Capital VIII, LLC
		Avenue Special Situations Fund IV, LP and Avenue Special Situations Fund IV (Parallel), LP	Limited Partnership Interest	\$329,362	Approximately 0.21%
Darren Thompson	None	N/A	N/A	N/A	N/A

\* Ms. Dien Ledoux, a former employee of Avenue Capital Management II, L.P., is an investor in MAGS Capital VI, LLC and MAGS Capital VIII, LLC, which are investment entities formed by affiliates of Avenue Capital Group for the acquisition of certain trade claims. Ms. Dien Ledoux became an investor in both investment entities prior to 2005. Ms. Dien Ledoux's current investments in MAGS Capital VI, LLC and MAGS Capital VIII, LLC total less than \$10,000. Ms. Dien Ledoux has no control over MAGS Capital VI, LLC or MAGS Capital VIII, LLC. Ms. Dien Ledoux also received contractual payments from private funds that are advised by affiliates of Avenue Capital Group, Avenue Special Situations Fund II, LP, Avenue Special Situations Fund II (Parallel), LP, Avenue Special Situations Fund III, LP and Avenue Special Situations Fund III (Parallel), LP. For the year ended December 31, 2008, Ms. Dien Ledoux received payments of \$2,257. For the years ended December 31, 2009, December 31, 2010, December 31, 2011 and December 31, 2012, Ms. Dien Ledoux neither received nor accrued any payments from these funds. Ms. Dien Ledoux has received aggregate payments of \$1,124,855 from these private funds from inception to December 31, 2011. As of December 31, 2012 Ms. Dien Ledoux has accrued \$329,362 in carried interest payments in connection with Avenue Special Situations Fund IV, LP and Avenue Special Situations Fund IV (Parallel), LP. The majority of such amount shall be paid prior to the end of 2013.

**Required Vote.** The election of a Trustee to the Board requires the affirmative vote of a plurality of the Shares entitled to vote for the election of any Trustee, represented in person or by proxy at a meeting of the Shareholders with a quorum present. For purposes of the election of Ms. Dien Ledoux, abstentions and broker non-votes will be treated as votes present at the Annual Meeting, but will not be treated as votes cast. Abstentions and broker non-votes, therefore, will have no effect on the election of Ms. Dien Ledoux as a Class II Trustee.

**THE BOARD OF TRUSTEES, INCLUDING THE INDEPENDENT TRUSTEES, RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF MS. DIEN LEDOUX AS A CLASS II TRUSTEE TO THE BOARD OF TRUSTEES. ANY SIGNED BUT UNMARKED PROXIES WILL BE SO VOTED "FOR" APPROVAL OF THIS PROPOSAL.**

### INFORMATION ABOUT THE FUND

The Adviser is Avenue Capital Management II, L.P., 399 Park Ave. 6<sup>th</sup> Floor, New York, NY 10022. The Fund's administrator, custodian and transfer and dividend disbursing agent is State Street Bank and Trust Company, One Lincoln Street, Boston, Massachusetts 02111.

**Independent Registered Public Accounting Firm.** Upon the recommendation of the Audit Committee, the Board, including a majority of Independent Trustees, selected Pricewaterhouse Coopers LLP ("**PwC**"), 300 Madison Ave., New York, New York, 10017, as independent public accountant for the Fund for the year ending October 31, 2012. Representatives of PwC are not expected to attend the Annual Meeting but have been given the opportunity to make a statement if they so desire and will be available should any matter arise requiring their presence.

The Fund has engaged PwC to perform audit services, audit-related services, tax services and other services for the current fiscal year. "Audit services" refer to performing an audit of the Fund's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. "Audit-related services" refer to the assurance and related services provided to the Fund by the principal accountant that are reasonably related to the performance of the audit. "Tax services" refer to professional services provided to the Fund by the principal accountant for tax compliance, tax advice, and tax planning. The following table details the aggregate fees billed for the fiscal years ended October 31, 2011 and October 31, 2012 for audit fees, audit-related fees, tax fees and other fees by PwC:

	Aggregate total for fiscal year ended 10/31/11	Aggregate total for fiscal year ended 10/31/12
Audit Fees	\$ 139,000 <sup>1</sup>	\$ 85,000
Audit-Related Fees	\$ 0 <sup>2</sup>	\$ 30,000
Tax Fees	\$ 9,500	\$ 9,500
All Other Fees	\$ 0 <sup>3</sup>	\$ 0 <sup>3</sup>

The Fund's Audit Committee has adopted, and the Fund's Board has approved, an Audit and Non-Audit Services Preapproval Policy (the "Policy"), which is intended to comply with Regulation S-X Rule 2-01, and sets forth guidelines and procedures to be followed by the Fund when retaining PwC to perform audit-related services, tax services and other non-audit services. The Policy permits such services to be pre-approved in one of two ways: (1) pursuant to a general pre-approval ("General Pre-Approval"), or (2) pursuant to specific pre-approval ("Specific Pre-Approval"). Unless a type of service provided by PwC and the maximum estimated fees therefor have received General Pre-Approval, it will require Specific Pre-Approval by the Audit Committee. Under the Policy, the Chairman of the Fund's Audit Committee is authorized to provide specific pre-approval for any audit service or permissible covered service to be provided by PwC, and to approve changes to the scope of pre-approved engagements and to the maximum estimated fees, up to a limit of \$20,000 per event. Any maximum estimated fee above such dollar limit must be approved by a majority of the Fund's Audit Committee. The audit-related services, tax services and other non-audit services subject to General Pre-Approval are each subject to a per quarter limitation of \$15,000.

<sup>1</sup> Includes \$34,000 from seed balance sheet audit for initial public offering and \$20,000 additional fees incurred with the regular annual audit paid by the Adviser.

<sup>2</sup> For the fiscal year ended October 31, 2011, PwC did not bill the Fund any fees for assurance and related services related to the performance of the audit or review of the Fund's financial statement and therefore are not reported under Audit fees.

<sup>3</sup> For the fiscal years ended October 31, 2011 and October 31, 2012, PwC did not bill the Fund for fees other than as reported above.

All of the audit, audit-related and tax services described above for which PwC billed the Fund fees for the fiscal years ended October 31, 2011 and October 31, 2012 were pre-approved by the Audit Committee pursuant to the Policy.

For the fiscal years ended October 31, 2011 and October 31, 2012, PwC billed aggregate non-audit fees of \$3,040,978 and \$3,276,119, respectively, to the Adviser and to other entities controlling, controlled by or under common control with the Adviser. The Audit Committee has considered whether the provision of non-audit services that relate directly to the operations and financial reporting of the Fund and were rendered to the Adviser or any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund that were not pre-approved is compatible with maintaining PwC's independence, and has concluded that the provision of such non-audit services by PwC has not compromised its independence.

**Audit Committee Report.** The Audit Committee has met and held discussions with PwC, the Fund's independent registered public accountant. The independent registered public accountant represented to the Audit Committee that the Fund's financial statements were prepared in accordance with U.S. generally accepted accounting principles. The Audit Committee (i) reviewed and discussed with management the Fund's audited financial statements for the most recently completed fiscal year; (ii) discussed with the Fund's independent registered public accountant the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and (iii) obtained from PwC written disclosures and a letter consistent with Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," regarding PwC's communications with the Audit Committee concerning independence and describing all relationships between PwC and the Fund that might bear on PwC's independence and discussed with PwC any relationships that may impact PwC's objectivity and independence and satisfied itself as to PwC's independence.

Based upon the Audit Committee's discussions with PwC and the Audit Committee's review of the representations of PwC and the report of PwC to the Audit Committee, the Audit Committee recommended to the Board that the audited financial statements be included in the Fund's annual report for the fiscal year ended October 31, 2012 filed with the SEC.

The members of the Audit Committee are Mr. Citron, Mr. Thompson and Ms. Dien Ledoux.

**Information Pertaining to Certain Shareholders.** To the knowledge of the Fund's management, as of the close of business on March 27, 2013, the following tables sets forth the beneficial ownership of Shares of the Fund by each person known to the Fund to be deemed the beneficial owner of more than five percent (5%) of the outstanding Shares of the Fund:

<b>5% or Greater Shareholders*, **</b>			
<b>Name and Address</b>	<b>Number of Shares</b>	<b>Percentage Ownership</b>	<b>Type of Ownership</b>
First Trust Portfolios L.P.*** 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	2,192,385	22.37%	Beneficial
First Trust Advisors L.P. 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187			
The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187			





**5% or Greater Shareholders\*, \*\***

<b>Name and Address</b>	<b>Number of Shares</b>	<b>Percentage Ownership</b>	<b>Type of Ownership</b>
Morgan Stanley**** 1585 Broadway New York, New York 10036	862,793	8.8%	Beneficial
Morgan Stanley Smith Barney LLC**** 1585 Broadway New York, New York 10036	861,911	8.8%	Beneficial

\* To the knowledge of the Fund's management, as of the close of business on March 27, 2013, the officers and Trustees of the Fund owned, as a group, less than 1% of the outstanding Shares of the Fund.

\*\* The information contained in this table is based on Schedule 13G filings made on or before March 27, 2013.

\*\*\* On February 12, 2013, First Trust Portfolios L.P., its affiliate First Trust Advisors L.P. and The Charger Corporation filed an amended Schedule 13G pursuant to Rule 13d-1(b) on behalf of the referenced entities noting their aggregate beneficial holdings in the Fund.

\*\*\*\* On February 14, 2013, Morgan Stanley and Morgan Stanley Smith Barney LLC filed a Schedule 13G pursuant to Rule 13d-1(b) on behalf of the referenced entities noting their aggregate beneficial holdings in the Fund.

## INFORMATION ABOUT THE FUND

The Fund is required by federal securities laws to file reports, proxy statements and other information with the SEC. The SEC maintains a website that contains information about the Fund ([www.sec.gov](http://www.sec.gov)). Any such proxy material, reports and other information can be inspected and copied, after paying a duplicating fee, at the Office of Public Reference, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-0102.

**Reports to Shareholders.** THE MOST RECENT ANNUAL REPORT OF THE FUND, INCLUDING FINANCIAL STATEMENTS, HAS BEEN PREVIOUSLY MAILED TO SHAREHOLDERS. IF YOU HAVE NOT RECEIVED THIS REPORT OR WOULD LIKE TO RECEIVE AN ADDITIONAL COPY FREE OF CHARGE, PLEASE CONTACT AVENUE CAPITAL MANAGEMENT II, L.P., 399 PARK AVE. 6TH FLOOR, NEW YORK, NY 10022, OR 1-888-301-3838, AND IT WILL BE SENT PROMPTLY BY FIRST-CLASS MAIL. THESE REPORTS ARE ALSO AVAILABLE ON THE SEC'S WEBSITE, [WWW.SEC.GOV](http://WWW.SEC.GOV), AND AT [WWW.AVENUECAPITAL.COM](http://WWW.AVENUECAPITAL.COM).

## GENERAL INFORMATION

**Other Matters to Come Before the Annual Meeting.** The Fund's management does not know of any matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If other business should properly come before the Annual Meeting, the proxy holders will vote thereon in accordance with their best judgment.

**Shareholder Proposals.** Any Shareholder proposal to be considered for inclusion in the Fund's Proxy Statement and form of proxy card for the annual meeting of Shareholders to be held in 2014 should be received by the Secretary of the Fund no later than February 14, 2014. There are additional requirements regarding proposals of Shareholders, and a Shareholder contemplating submission of a proposal for inclusion in the Fund's proxy materials is referred to Rule 14a-8 under the Exchange Act.

Nominations of persons for election as Trustees of the Fund and the proposal of other business to be considered by the Shareholders may be made at an annual meeting of Shareholders only (A) pursuant to the Fund's notice of meeting, (B) by or at the direction of the Board or any authorized committee thereof or (C) by any Shareholder of the Fund who was a Shareholder of record of the Fund at the time the notice required from the Shareholder (as further described below) is delivered to the Secretary of the Fund, who is entitled to vote at the annual meeting on any such business and who complies with the notice procedures set forth in the Fund's By-Laws.

Pursuant to the Fund's By-Laws, for any business to be properly brought before an annual meeting by a Shareholder, including the nomination of persons for election as Trustees of the Fund, the Shareholder must have given timely notice thereof in writing to the Secretary of the Fund and such business must otherwise be a proper matter for action by the Shareholders. To be timely, a Shareholder's notice must be delivered to the Secretary of the Fund at the principal executive offices of the Fund not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the Shareholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Fund. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a Shareholder's notice as described above.



Any Shareholder's notice shall set forth as to each matter proposed the items required under the Fund's By-Laws.

IN ORDER THAT THE PRESENCE OF A QUORUM AT THE ANNUAL MEETING MAY BE ASSURED,  
PROMPT EXECUTION AND RETURN OF THE PROXY CARD IS REQUESTED.

Randy Takian, President and Principal Executive Officer

New York, New York  
April 5, 2013



**EVERY SHAREHOLDER S VOTE IS IMPORTANT**

Please detach at perforation before mailing.

PROXY

**AVENUE INCOME CREDIT STRATEGIES FUND  
ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 16, 2013**

PROXY

**This proxy is solicited by the Board of Trustees.** The undersigned hereby appoints Ty Oyer and Stephen Atkins, and each of them, as proxies of the undersigned, each with the power to appoint his substitute, for the Annual Meeting of Shareholders of the Avenue Income Credit Strategies Fund (the Fund ), to be held on May 16, 2013, at 8:00 a.m., Eastern time, at the offices of Dechert LLP located at 1095 Avenue of the Americas, New York, New York (the Annual Meeting ), or any adjournments or postponements thereof to vote, as designated below, all shares of the Fund held by the undersigned at the close of business on March 27, 2013. Capitalized terms used without definition have the meanings given to them in the accompanying proxy statement.

**The undersigned hereby revokes any prior proxy to vote at the Annual Meeting, and hereby ratifies and confirms all that said attorneys and proxies, or any of them, may lawfully do by virtue thereof.**

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**Note:** PLEASE SIGN EXACTLY AS YOUR NAMES(S) APPEAR(S) ON THIS PROXY CARD. If joint owners, EITHER may sign the Proxy. When signing as attorney, executor, administrator, trustee, guardian or corporate officer, please give your full title

Signature

Signature (if held jointly)



Date

AVE\_24534\_032813

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED ABOVE.**

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**EVERY SHAREHOLDER'S VOTE IS IMPORTANT**

**Important Notice Regarding the Availability of Proxy Materials for the  
Annual Shareholder Meeting to Be Held on May 16, 2013.**

**The Proxy Statement for this meeting is available at: [www.avenuecapital.com/mutualstrategy.aspx](http://www.avenuecapital.com/mutualstrategy.aspx)**

***PLEASE SIGN, DATE AND RETURN YOUR  
PROXY TODAY***

Please detach at perforation before mailing.

**This proxy will be voted as specified below. If the proxy is executed, but with respect to the proposal no specification is made, this proxy will be voted in favor of the proposal and in the direction of the above-named proxies as to any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof.**

**TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS IN THIS EXAMPLE:**

1. Elect one Class II Trustee to the Board of Trustees:

01. Julie Dien Ledoux

FOR  
o

WITHHOLD  
o

2. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED ON THE REVERSE SIDE.**

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