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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

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

Date of report (Date of earliest event reported): **January 24, 2012**

**Kennametal Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Pennsylvania**

**1-5318**

**25-0900168**

(State or Other Jurisdiction of Incorporation)

(Commission File Number)

(IRS Employer Identification No.)

**World Headquarters  
1600 Technology Way  
P.O. Box 231  
Latrobe, Pennsylvania**

**15650-0231**

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: **(724) 539-5000**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## TABLE OF CONTENTS

[Item 2.02 Results of Operations and Financial Condition](#)

[Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year](#)

[Item 9.01 Financial Statements and Exhibits](#)

### **Item 2.02 Results of Operations and Financial Condition**

On January 26, 2012, Kennametal Inc. (Kennametal or the Company) issued an earnings announcement for its fiscal second quarter ended December 31, 2011.

The press release contains certain non-generally accepted accounting principles (GAAP) financial measures. The following GAAP financial measures have been presented on an adjusted basis: gross profit, operating expense, operating income, Industrial operating income and margin, Infrastructure operating income and margin, net income and diluted earnings per share. Adjustments include restructuring and related charges for the three and six months ended December 31, 2010. Management adjusts for these items in measuring and compensating internal performance and to more readily compare the Company's financial performance period-to-period. The press release also contains free operating cash flow and adjusted return on invested capital (ROIC), which are both non-GAAP measures and are defined below.

Management believes that presentation of these non-GAAP financial measures provides useful information about the results of operations of the Company for the current and past periods. Management believes that investors should have available the same information that management uses to assess operating performance, determine compensation and assess the capital structure of the Company. These non-GAAP measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Investors are cautioned that non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

#### **Free Operating Cash Flow**

Free operating cash flow is a non-GAAP financial measure and is defined by the Company as cash provided by operations (which is the most directly comparable GAAP measure) less capital expenditures plus proceeds from disposals of fixed assets. Management considers free operating cash flow to be an important indicator of Kennametal's cash generating capability because it better represents cash generated from operations that can be used for dividends, debt repayment, strategic initiatives (such as acquisitions), and other investing and financing activities.

#### **Adjusted Return on Invested Capital**

Adjusted Return on Invested Capital is a non-GAAP financial measure and is defined by the Company as the previous 12 months' net income, adjusted for interest expense, noncontrolling interest expense and special items, divided by the sum of the previous five quarters average balances of debt and total equity. The most directly comparable GAAP measure is return on invested capital calculated utilizing GAAP net income. Management believes that this financial measure provides additional insight into the underlying capital structure and performance of the Company. Management utilizes this non-GAAP measure in determining compensation and assessing the operations of the Company.

A copy of the Company's earnings announcement is furnished under Exhibit 99.1 attached hereto. Reconciliations of the above non-GAAP financial measures are included in the earnings announcement.

Additionally, during our quarterly earnings teleconference we may use various non-GAAP financial measures to describe the underlying operating results. Accordingly, we have compiled below certain reconciliations as required by Regulation G. These non-GAAP measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Investors are cautioned that non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

#### **Debt to Capital**

Debt to Capital is a non-GAAP financial measure and is defined by Kennametal as total debt divided by the sum of total equity plus total debt. The most directly comparable GAAP measure is debt to equity, which is defined as total debt divided by total equity. Management believes that Debt to Capital provides additional insight into the underlying capital structure and performance of the Company.

<b>DEBT TO CAPITAL (UNAUDITED)</b> (in thousands, except percents)	<b>December 31, 2011</b>	<b>June 30, 2011</b>
Total debt	\$ 307,938	\$ 312,882
Total equity	1,630,174	1,658,641
Debt to equity, GAAP	18.9%	18.9%
Total debt	\$ 307,938	\$ 312,882
Total equity	1,630,174	1,658,641
Total capital	\$ 1,938,112	\$1,971,523
Debt to capital	15.9%	15.9%

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

**(a) Amendment and Restatement of Bylaws**

On January 24, 2012, the Board of Directors of Kennametal Inc. (the "Company") adopted Amended and Restated Bylaws of the Company (the "Bylaws"), effective immediately upon adoption, to supersede and replace the existing bylaws of the Company. The Bylaws were revised to provide clarifying language as it relates to shareholder proposals as well as enhanced shareholder/proponent disclosure requirements. The Bylaws were further revised to clarify that indemnification of directors and officers applies based on a person's service while the Bylaw is in effect, not when the indemnification is sought or when the claim is brought.

The above description is qualified in its entirety by the Bylaws which are attached hereto as Exhibit 3.3 and incorporated herein by reference. Additionally, a copy of the Bylaws marked to show changes to the former bylaws is included as Exhibit 3.3.1 hereto.

**Item 9.01 Financial Statements and Exhibits**

**(d) Exhibits**

- 3.3 Amended and Restated Bylaws of Kennametal Inc.
- 3.3.1 Amended and Restated Bylaws of Kennametal Inc. (marked to show changes from former bylaws).
- 99.1 Fiscal 2012 Second Quarter Earnings Announcement

**Signatures**

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

KENNAMETAL INC.

Date: January 26, 2012

By: /s/ Martha A. Bailey

Martha A. Bailey

Vice President Finance and Corporate Controller

**BY-LAWS**  
**OF**  
**KENNAMETAL INC.**

As Amended Through January 24, 2012

Article I  
Office

The principal office of the Corporation shall be in Unity Township, Westmoreland County, Pennsylvania.

Article II  
Seal

The Corporation may have a seal which shall be circular in form and which shall have inscribed thereon the name of the Corporation and the words “Seal —Pennsylvania.”

Article III  
Shareholders' Meetings

Section 1. PLACE OF MEETING. All meetings of shareholders shall be held at the principal office of the Corporation, unless the Board of Directors shall decide otherwise, in which case such meetings may be held within or without the Commonwealth of Pennsylvania, as the Board of Directors may from time to time direct.

Section 2. ANNUAL MEETING. The annual meeting of shareholders shall be held during the month of October in each calendar year on such date and at such time as may be fixed by the Board of Directors, for the election of directors and the transaction of such other business as may properly come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the state where the meeting is to be held, such meeting shall be held on the next succeeding business day.

Section 3. SPECIAL MEETINGS. Special meetings of the shareholders may be called at any time by the Chairman of the Board, the President, the Secretary, or by the Board of Directors. At any time, upon written request of any person entitled to call a special meeting of the shareholders, it shall be the duty of the Secretary to call a special meeting to be held at such time as the Secretary may fix. If the Secretary shall neglect or refuse to issue such call, the person or persons making the request may do so.

Section 4. NOTICE. Except as provided in this Section 4, written notice of every meeting of the shareholders shall be given by, or at the direction of, the secretary or other authorized person or, if they neglect or refuse to do so, may be given by the person or persons calling the meeting, to each shareholder of record entitled to vote at the meeting, at least five (5) days prior to the day named for a meeting, unless a greater period of notice is required by statute

in the particular case. The notice of meeting shall specify the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted, and, if applicable, the notice shall state that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the By-Laws in which case the notice shall include, or be accompanied by, a copy of the proposed amendment or a summary of the changes to be effected thereby.

When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at the adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

Written notice includes notice given by facsimile transmission, e-mail, or other electronic communication to the shareholder's facsimile number or address for e-mail or other electronic communication provided by such shareholder to the Corporation for the purpose of notice.

Section 5. QUORUM. At any meeting of the shareholders, the presence in person or by proxy of the holders of the majority of the outstanding shares entitled to vote shall constitute a quorum. The shareholders present at a duly organized meeting may continue to do business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine. Those shareholders entitled to vote who attend a meeting called for the election of directors that has previously been adjourned for lack of a quorum, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of electing directors. In other cases, those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least fifteen (15) days because of an absence of a quorum, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting, provided that the notice of the meeting states that those shareholders who attend such adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter set forth in the notice.

Section 6. VOTING. Every shareholder entitled to vote at any shareholders' meeting shall be entitled to one vote for every share of capital stock standing in his name on the books of the Corporation. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent corporate action in writing without a meeting, may do so in person or may authorize another person or persons to act for him by proxy. Whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon, except where a different vote is required by law or the articles or these By-Laws.

Section 7. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof. Failure to comply with the requirements of this By-Law shall

Section 8. NOMINATING AND PROPOSAL PROCEDURES.

(a) Annual Meeting of Shareholders.

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (a) by or at the direction of the Board of Directors, including pursuant to the Corporation's notice of meeting, or (b) by any shareholder of the Corporation who was a shareholder of record at the time of giving of notice provided for in this By-Law, who is entitled to vote at the meeting and who has complied with the notice and other procedures set forth in these By-Laws. Clause (b) of this Section 8(a)(1) shall be the exclusive means for a shareholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of shareholders.

(2) Subject to Section 8(d)(3) of this Article III, for nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (b) of Section 8(a)(1) of this Article III, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than (i) for an annual meeting to be held during the month of October of any year, prior to the 1st day of July, but not before the first day of May, immediately preceding such October meeting, (ii) for an annual meeting to be held during the month of November of any year, prior to the 1st day of August, but not before the first day of June, immediately preceding such November meeting and (iii) for an annual meeting to be held on any other date for which the Corporation gives at least 90 days prior notice of such date to shareholders, not less than 50 nor more than 75 days prior to such meeting or (iv) for any other annual meeting, the close of business on the tenth day after public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth or include: (x) as to each person whom the shareholder proposes to nominate for election or reelection as a director (i) all information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in an election contest, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and the beneficial owner, if any, on whose behalf the nomination is made, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or

others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the shareholder making the nomination and the beneficial owner, if any, on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such Item and the nominee were a director or executive officer of such registrant, (iii) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation and agreement required by Section 8(c) of this Article III, and (iv) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of such nominee; (y) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-Laws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting, any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made and a description of all agreements, arrangements and understandings between such shareholder and such beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder; and (z) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Corporation’s books, and of such beneficial owner, (ii) (A) the class and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such shareholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by such shareholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder has a right to vote any shares of any security of the Company, (D) any short interest in any security of the Company (for purposes of these By-Laws a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership and (G) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without



limitation any such interests held by members of such shareholder's immediate family sharing the same household, (iii) any other information relating to such shareholder and such beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that such owner intends to appear in person or by proxy at the meeting to propose such business or nomination, and (v) a representation whether the shareholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from shareholders in support of such proposal or nomination. In addition, to be timely, a shareholder's notice shall be further updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct (x) as of the record date for the meeting and (y) as of the date that is ten (10) business days prior to the meeting or any adjourned meeting. Such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation (x) not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and (y) not later than eight (8) business days prior to the date of the meeting or any adjourned meeting.

(3) Notwithstanding anything in the second sentence of Section 8(a)(2) of this Article III to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

**(b) Special Meetings of Shareholders.**

Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the shareholder's notice required by Section 8(a)(2) of this Article III with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 8(c) of this Article III) shall be delivered to the

Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a shareholder's notice as described above. This paragraph (b) shall be the exclusive means for a shareholder to make nominations or other business proposals before a special meeting of shareholders (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

(c) Submission of Questionnaire, Representation and Agreement.

To be eligible to be a nominee of a shareholder for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 8(a)(1)(b) or Section 8(b) of this Article III) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualifications of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation and (D) will abide by the requirements these By-Laws.

(d) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in these By-Laws shall be eligible to be elected at an annual meeting of shareholders or special meeting of shareholders, as applicable, to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in these By-Laws. Except as otherwise provided by law, the articles of incorporation or the By-Laws of the Corporation, the presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these By-Laws and, if any proposed nomination or

business is not in compliance with these By-Laws, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of Section 8 of this Article III, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 8 of this Article III, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in Section 8 of this Article III. Nothing in Section 8 of this Article III shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Subject to Rule 14a-8 under the Exchange Act, nothing in these By-Laws shall be construed to permit any shareholder, or give any shareholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

Section 9. ELECTION OF DIRECTORS. Election of directors need not be by ballot, except upon demand by a shareholder made at the election and before the voting begins. In each election for directors every shareholder entitled vote shall have the right in person or by proxy to multiply the number of shares which the shareholder is entitled to vote by the number of directors to be elected in that election, and cast the whole number of votes so determined for one candidate or distribute them among any two or more candidates in that election.

Section 10. ORDER OF BUSINESS. All meetings of the shareholders shall be called to order and presided over by the Chairman of the Board or the President, or in their absence by a Vice President, or in his absence by the Secretary, and if none of these be present by a chairman elected by the shareholders.

Section 11. PROXIES. Every proxy shall be executed or authenticated by the shareholder, or by his duly authorized attorney in-fact, and shall be filed with or transmitted to the Secretary of the Corporation before being voted. A shareholder or his duly authorized attorney in-fact may execute or authenticate a writing or transmit an electronic message authorizing another person to act for him by proxy. A telegram, telex, cablegram, datagram, e-mail or Internet communication or other similar means of electronic transmission from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact shall be treated as properly executed for purposes of this section; provided such transmission or reproduction sets forth a confidential and unique identification number or other mark furnished by the Corporation to the shareholder for the purposes of a particular meeting or transaction.

Section 12. JUDGES OF ELECTION. In advance of any meeting of shareholders, the Board of Directors may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of any such meeting may, and on the request of any shareholder shall, make such

appointment at the meeting. The number of judges shall be one or three. No person who is a candidate for office to be filled at the meeting shall act as a judge. In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting or at the meeting by the presiding officer thereof. The judge or judges of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, shall receive votes or ballots, shall hear and determine all challenges and questions in any way arising in connection with the right to vote, shall count and tabulate all votes and determine the result and shall do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judge or judges of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. On request of the presiding officer of the meeting, or of any shareholder, the judge or judges shall make a report in writing of any challenge or question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

#### Article IV Directors

Section 1. BOARD OF DIRECTORS. All powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors. The Board shall consist of not less than eight nor more than twelve directors, the exact number to be fixed from time to time by resolution of the Board of Directors. Each director shall hold office for the term for which he is elected and until his successor is elected and qualified or until his earlier death, resignation or removal. Compensation may be allowed to the directors for their services, and a director also may be a salaried officer of the Corporation. Directors need not be shareholders.

Section 2. CLASSIFICATION. The directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes as nearly equal in number as possible. Each class shall hold office for a term of three years, and the term of office of one class shall expire in each succeeding year. At each annual meeting of shareholders, the successors to the directors of the class whose terms expire that year shall be elected to hold office for a term of three years. If at any meeting of the shareholders, whether an annual meeting or a special meeting for the election of directors, directors of more than one class are to be elected, separate elections shall be held for the directors of each class.

Section 3. VACANCIES. Vacancies in the Board of Directors and newly-created directorships resulting from any increase in the authorized number of directors shall be filled by a majority vote of the remaining members of the Board, though less than a quorum, and each person so elected shall be a director to serve for the balance of the unexpired term and until his or her successor has been selected and qualified or until said member's earlier death, resignation or removal.

Section 4. MEETINGS. The Board of Directors shall hold a meeting without other notice immediately after the annual meeting of the shareholders, and other meetings at such times and places as it may determine. Special meetings of the Board may be called by the Chairman of the Board, the President, the Secretary, or any two directors. Meetings of the Board of Directors may be held at such places within the Commonwealth of Pennsylvania or elsewhere as a majority of the directors may from time to time determine.

Section 5. NOTICE. No notice of regular meetings of the Board of Directors need be given. A written notice of all special meetings of the Board of Directors specifying the place, day and hour shall be given to each director at least 48 hours prior to the time set for the meeting. When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

Section 6. QUORUM. A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting a quorum shall not be present, the meeting may be adjourned from time to time until a quorum shall be present.

Section 7. ELECTION OF OFFICERS AND BOARD CHAIRMAN. The Board of Directors shall elect a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer, and a Controller. The Board shall also from time to time elect such other officers and agents as it deems necessary or advisable. The Chairman of the Board must be selected from among the members of the Board of Directors, but the President and other officers may or may not be Directors. Unless sooner removed by the Board of Directors, all officers shall hold office for the term fixed by the Board and until their successors are elected and qualified or until their earlier death or resignation. Any two or more offices may be held by the same person, except the office of President and Secretary, but in no case shall the same person act in the same matter in two such official capacities. At the time of the election of the Chairman of the Board, the Board of Directors shall specify whether or not the individual so elected shall serve in the capacity of an officer-employee entitled to receive a salary, or in the capacity of a director entitled to receive director's fees and allowances.

Section 8. REMOVAL OF OFFICERS. Any officer or agent of the Corporation may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. The Board of Directors shall have power to fill any vacancies in any office occurring in any manner.

Section 9. COMMITTEES. The Board of Directors may from time to time by resolution adopted by a majority of the directors in office, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee to the extent provided in the designating resolution of the Board of Directors shall have and exercise the authority of the Board of Directors in the management of the business and affairs of the

Corporation except that a committee shall not have any power or authority as to: (i) the submission to shareholders of any action requiring the approval of shareholders pursuant to the Business Corporation Law, as it may hereafter be amended, (ii) the creation or filling of vacancies in the Board of Directors, (iii) the adoption, amendment or repeal of the By-Laws, (iv) the amendment, adoption or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board, or (v) action on matters committed by the By-Laws or resolution of the Board to another committee of the Board. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. Each committee of the Board shall serve at the pleasure of the Board. Unless the Board of Directors provides otherwise by resolution each committee shall conduct its business and take action in the same manner as the Board conducts its business pursuant to the articles of the Corporation and these By-Laws.

Section 10. OTHER POWERS. In addition to the powers and authorities expressly conferred by these By-Laws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders.

Article V  
Officers and Board Chairman

Section 1. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall preside at all meetings of the shareholders and of the Board of Directors at which he is present. He shall perform such other duties as may be assigned to him from time to time by the Board of Directors.

Section 2. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be responsible for directing the implementation of the general policies and procedures of the Corporation and for the performance of such other duties as may be assigned from time to time by the Board of Directors. Except when prohibited by law or regulation, he shall be ex-officio a member of all Committees of the Board of Directors.

Section 3. PRESIDENT. The President shall have general and active management of the Corporation's business, and shall perform the usual duties incident to the office of President as required by law, the Articles of the Corporation or these By-Laws, and such other duties as may be assigned to him from time to time by the Board of Directors. Except when prohibited by law or regulation, he shall be ex-officio a member of all Committees of the Board of Directors.

Section 4. VICE PRESIDENT. Any Vice President shall perform such duties as shall be assigned to him by the Board of Directors or President, and, in the absence or disability of the President, he shall perform the duties of the President.

Section 5. SECRETARY. The Secretary shall attend the meetings of the shareholders and Board of Directors and keep minutes thereof in suitable books kept for that

purpose. He shall have custody of the stock books and stock ledgers of this Corporation, and shall give, or cause to be given, all notices as are required by law, or by the Articles of Incorporation, or by these By-Laws. He shall perform such other duties as may be prescribed by the Board of Directors or by the President, as well as all the usual duties incident to the office of Secretary.

Section 6. TREASURER. The Treasurer shall have custody of the corporate funds and securities and shall keep, or cause to be kept, full and accurate accounts of receipts and disbursements in books kept for that purpose. He shall deposit all monies, and other valuable effects, in the name and to the credit of the Corporation, in such depository as shall be designated from time to time by the Board of Directors. As directed by the Board of Directors or the President, he shall disburse monies of the Corporation, taking proper vouchers for such disbursements and shall render upon request from time to time to the President and directors an account of all his transactions as Treasurer and of the financial condition of the Corporation. In addition, he shall perform all the usual duties incident to the office of Treasurer and such other duties as the Board of Directors or the President may prescribe.

Section 7. CONTROLLER. The Controller shall have charge of the accounting of the Corporation, and shall perform all the usual duties incident to the office of Controller and such other duties as the Board of Directors may prescribe or require.

Section 8. DELEGATION OF DUTIES. In case of the absence or disability of any officer of the Corporation, or if it is deemed expedient and desirable so to do, the Board of Directors or the President may delegate the powers or duties of any officer to any other officer or director for such time or period as may be specified.

Section 9. CONTRACTS. All promissory notes, drafts, bills of exchange or other negotiable instruments shall be signed by the President or a Vice President and the Secretary or the Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate. All other written contracts shall be signed by the President or a Vice President, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

## Article VI Share Certificates and Transfers

Section 1. SHARE CERTIFICATES. Shares of the capital stock of the Corporation may be certificated or uncertificated, as provided under the Business Corporation Law of the Commonwealth of Pennsylvania. Each shareholder, upon written request to the transfer agent or registrar of the Corporation, shall be entitled to a certificate of the capital stock of the Corporation in such form as the Board of Directors may from time to time determine. Every share certificate shall be signed by the President or Vice President and countersigned by the Treasurer or Assistant Treasurer or by the Secretary or Assistant Secretary and may be sealed with the corporate seal, which may be a facsimile, engraved or printed, but where such certificate is signed by a transfer agent or a registrar, the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed.

Section 2. TRANSFERS. Shares of the Corporation evidenced by certificates shall upon the surrender and cancellation of the certificate or certificates representing the same be transferred upon the books of the Corporation at the request of the holder thereof named in the surrender certificate or certificates, in person or by his legal representative, or by his attorney duly authorized by written power of attorney filed with the Corporation or its transfer agent. Shares of the stock of the Corporation which are uncertificated shall, upon the receipt of proper transfer instructions from the registered owner of uncertificated shares, be cancelled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the holder entitled thereto. It shall be the duty of the Corporation to issue a new certificate or evidence of the issuance of uncertificated shares to the holder entitled thereto, cancel the old certificate and record the transaction upon the Corporation's books. Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice that shall set forth the name of the Corporation, that the Corporation is organized under the laws of the Commonwealth of Pennsylvania, the name of the holder, the number and class (and the designation of the series, if any) of the shares represented, and any restrictions on the transfer or registration of such shares of stock imposed by the Articles of Incorporation, these By-Laws, any agreement among shareholders or any agreement between shareholders and the Corporation.

Section 3. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint a transfer agent or transfer clerk or a registrar of transfers, or both, for all shares of the Corporation, whether certificated or uncertificated, and it may require all stock certificates to bear the signature of either or both. The Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares of the Corporation, whether certificated or uncertificated.

Section 4. LOSS, THEFT OR DESTRUCTION OF CERTIFICATES. In case of loss, theft or destruction of a share certificate another certificate (or uncertificated share) may be issued in lieu thereof in such manner and upon such terms as the Board of Directors shall from time to time authorize.

Section 5. TRANSFERS. Shares of the Corporation shall upon the surrender and cancellation of the certificate or certificates representing the same be transferred upon the books of the Corporation at the request of the holder thereof named in the surrendered certificate or certificates, in person or by his legal representative, or by his attorney duly authorized by written power of attorney filed with the Corporation or its transfer agent.

Section 6. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint a transfer agent or transfer clerk or a registrar of transfers, or both, and it may require all stock certificates to bear the signature of either or both. The Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the Corporation.

Section 7. LOSS, THEFT OR DESTRUCTION OF CERTIFICATES. In case of loss, theft or destruction of a share certificate another may be issued in lieu thereof in such manner and upon such terms as the Board of Directors shall from time to time authorize.



Section 8. DETERMINATION OF SHAREHOLDERS OF RECORD. The Board of Directors may fix a time, not more than seventy days prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, or the date fixed for any other matter as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares or entitled to receive or take action with respect to any other matter. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights or to receive or take action with respect to any other matter as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid.

#### Article VII

##### Waiver of Notice, Action Without Meeting and Meetings By Conference Telephone

Section 1. WAIVER OF NOTICE. Whenever any written notice is required to be given under the Pennsylvania Business Corporation Law, the articles or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be transacted at nor the purpose of the meeting need be specified in the waiver of notice of such meeting.

The attendance of a person either in person or by proxy at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 2. ACTION BY CONSENT. Any action which may be taken at a meeting of the shareholders or of the directors, or of any committee of directors, may be taken without a meeting, if a consent in writing setting forth the action so taken shall be signed by all the shareholders who would be entitled to vote at a meeting for such purpose or by all of the directors, or by all of the members of such committee, as the case may be, and shall be filed with the Secretary of the Corporation.

Section 3. MEETINGS BY CONFERENCE TELEPHONE. One or more directors may participate in a meeting of the Board or of a committee of the Board, and the Board of Directors may provide by resolution with respect to a specific meeting or with respect to a class of meetings that one or more persons may participate in a meeting of the shareholders of the Corporation, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at the meeting.

Section 4. MANNER OF GIVING NOTICE. Whenever written notice is required to be given to any person under the provisions of the Business Corporation Law or by the articles or these By-Laws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telecopier, to the shareholder's address (or to the shareholder's telex, TWX, telecopier or telephone number) appearing on the books of the Corporation or, in the case of directors, supplied by the director to the Corporation for the purpose of notice. Notice sent by mail, by telegraph or by courier service shall be deemed to have been given when deposited in the United States mail or with a telegraph office or courier service for delivery except that, in the case of directors, notice sent by regular mail shall be deemed to have been given forty-eight hours after being deposited in the United States mail or, in the case of telex, TWX or telecopier, when dispatched.

#### Article VIII

##### Fiscal Year

The fiscal year of the Corporation shall end on the 30th day of June.

#### Article IX

##### Limitation of Director's Liability and Indemnification

Section 1. LIMITATION OF DIRECTOR'S LIABILITY. A director of the Corporation shall not be personally liable for monetary damages for any action taken or failure to take any action unless the director has breached or failed to perform the duties of his office under Section 8363 of the Directors' Liability Act [15 Pa. C.S. §511 and §1721] and such breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director (i) for any responsibility or liability of such director pursuant to any criminal statute, or (ii) for any liability of a director for the payment of taxes pursuant to local, State or Federal law. No repeal or modification of this Article IX, Section 1 nor the adoption of any provision inconsistent with this Article IX, Section 1 shall adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification or the adoption of such inconsistent provision.

#### Section 2. INDEMNIFICATION OF DIRECTORS AND OFFICERS

##### (a) Right to Indemnification.

Except as otherwise provided below, each person who was or is made a party to or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding") and whether or not by or in the right of the Corporation or otherwise, by reason of the fact that he or she, or a person of whom he or she is the heir, executor or administrator, is or was, at any time during which this By-Law is or was in effect (whether or not such person continues to serve in such capacity at the time any indemnification or payment of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer or trustee of another

corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or trustee, or in any other capacity while serving as a director or officer or trustee, shall be indemnified and held harmless by the Corporation against all reasonable expenses, including attorneys' fees, and any liability and loss, including judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement, incurred or paid by such person in connection therewith; provided, however, that such person shall not be entitled to indemnification hereunder if the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness; provided further, that except with respect to the enforcement of claims described in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this section shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of the final disposition thereof; provided, however, that to the extent required by law, the payment of such expenses incurred by an officer or director in advance of the final disposition of a proceeding shall be made only upon receipt of an undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that he or she is not entitled to be indemnified under this section or otherwise. The right to indemnification including the right to the advancement of expenses provided herein shall be a contract right and continue as to a person who has ceased to be a director or officer or trustee, and shall inure to the benefit of the heirs, executors and administrators of such person.

(b) Right of Claimant to Bring Suit.

If a claim under paragraph (a) of this section is not paid in full by the Corporation within forty-five (45) days after a written claim has been received by the Corporation, the claimant may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim.

(c) Non-Exclusivity of Rights.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of a final disposition conferred in this Article IX shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses hereunder may be entitled under any by-law, agreement, vote of shareholders or directors, applicable law, or otherwise, both as to action in his official capacity and as to action in any other capacity while holding that office, the Corporation having the express authority to enter into such agreements as the Board of Directors deems appropriate for the indemnification and advancement of expenses to present or future directors and officers of the Corporation.

(d) Funding.

The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this By-Law or otherwise.

Article X  
Resignations

Any director or officer may resign from office at any time, such resignation to be made in writing and to take effect from the time of its receipt, unless some time be fixed in the resignation and then from that time. The acceptance of a resignation shall not be required to make it effective.

Article XI  
Amendments

These By-Laws may be amended or repealed, and new By-Laws may be adopted, by the Board of Directors, regardless of whether the shareholders have previously adopted or approved the By-Law being amended or repealed, except where the power to repeal, adopt or amend a By-Law on any subject is expressly committed to the shareholders by the Business Corporation Law, and subject always to the power of the shareholders to change any action taken by the Board. Any change in the By-Laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

Article XII  
Miscellaneous

When used in these By-Laws, any terms stated in the singular and/or masculine gender (such as he or him) shall be construed to include the plural and/or feminine gender as the context and circumstances shall warrant appropriate.

Article XIII  
Applicability of Certain Provisions  
of the Pennsylvania Business Corporation Law

Subchapters G (relating to control share acquisitions), H (relating to disgorgement by certain controlling shareholders following attempts to acquire control), I (relating to severance compensation for employees terminated following certain control share acquisitions), and J (relating to the status of labor contracts following certain business combination transactions) of Chapter 25 of the Pennsylvania Business Corporation Law shall not be applicable to the Corporation.

**BY-LAWS**  
**OF**  
**KENNAMETAL INC.**

As Amended Through ~~May 8, 2007~~ January 24, 2012

Article I  
Office

The principal office of the Corporation shall be in Unity Township, Westmoreland County, Pennsylvania.

Article II  
Seal

The Corporation may have a seal which shall be circular in form and which shall have inscribed thereon the name of the Corporation and the words "Seal —Pennsylvania."

Article III  
Shareholders' Meetings

Section 1. PLACE OF MEETING. All meetings of shareholders shall be held at the principal office of the Corporation, unless the Board of Directors shall decide otherwise, in which case such meetings may be held within or without the Commonwealth of Pennsylvania, as the Board of Directors may from time to time direct.

Section 2. ANNUAL MEETING. The annual meeting of shareholders shall be held during the month of October in each calendar year on such date and at such time as may be fixed by the Board of Directors, for the election of directors and the transaction of such other business as may properly come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the state where the meeting is to be held, such meeting shall be held on the next succeeding business day.

Section 3. SPECIAL MEETINGS. Special meetings of the shareholders may be called at any time by the Chairman of the Board, the President, the Secretary, or by the Board of Directors. At any time, upon written request of any person entitled to call a special meeting of the shareholders, it shall be the duty of the Secretary to call a special meeting to be held at such time as the Secretary may fix. If the Secretary shall neglect or refuse to issue such call, the person or persons making the request may do so.

Section 4. NOTICE. Except as provided in this Section 4, written notice of every meeting of the shareholders shall be given by, or at the direction of, the secretary or other authorized person or, if they neglect or refuse to do so, may be given by the person or persons calling the meeting, to each shareholder of record entitled to vote at the meeting, at least five (5) days prior to the day named for a meeting, unless a greater period of notice is required by statute

in the particular case. The notice of meeting shall specify the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted, and, if applicable, the notice shall state that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the By-Laws in which case the notice shall include, or be accompanied by, a copy of the proposed amendment or a summary of the changes to be effected thereby.

When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at the adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

Written notice includes notice given by facsimile transmission, e-mail, or other electronic communication to the shareholder's facsimile number or address for e-mail or other electronic communication provided by such shareholder to the Corporation for the purpose of notice.

Section 5. QUORUM. At any meeting of the shareholders, the presence in person or by proxy of the holders of the majority of the outstanding shares entitled to vote shall constitute a quorum. The shareholders present at a duly organized meeting may continue to do business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine. Those shareholders entitled to vote who attend a meeting called for the election of directors that has previously been adjourned for lack of a quorum, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of electing directors. In other cases, those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least fifteen (15) days because of an absence of a quorum, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting, provided that the notice of the meeting states that those shareholders who attend such adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter set forth in the notice.

Section 6. VOTING. Every shareholder entitled to vote at any shareholders' meeting shall be entitled to one vote for every share of capital stock standing in his name on the books of the Corporation. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent corporate action in writing without a meeting, may do so in person or may authorize another person or persons to act for him by proxy. Whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon, except where a different vote is required by law or the articles or these By-Laws.

Section 7. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof. Failure to comply with the requirements of this By-Law shall

not affect the validity of any action taken at a meeting prior to a demand at the meeting by any shareholder entitled to vote thereat to examine the list.

Section 8. NOMINATING AND PROPOSAL PROCEDURES. Without limiting any other notice requirements imposed by law, the Articles or these By-Laws, any nomination for election to the Board of Directors or other proposal to be presented by any shareholder at a shareholders' meeting (the "Proponent") will be properly presented only if written notice of the Proponent's intent to make such nomination or proposal has been personally delivered to and otherwise in fact received by the Secretary of the Corporation, not later than (i) for an annual meeting to be held during the month of October of any year, prior to the 1st day of July, but not before the first day of May, immediately preceding such October meeting, (ii) for an annual meeting to be held on any other date for which the Corporation gives at least 90 days prior notice of such date to shareholders, not less than 50 nor more than 75 days prior to such meeting, or (iii) for any other annual meeting or a special meeting, the close of business on the tenth day after notice of such meeting is first given to shareholders; provided, however, that nothing contained herein shall limit or restrict the right of any shareholder to present at a shareholders' meeting any proposal made by such shareholder in accordance with Rule 14a-8 promulgated pursuant to the Securities Exchange Act of 1934, as it may hereafter be amended, or any successor rule. Such notice by the Proponent to the corporation shall set forth in reasonable detail information concerning the nominee (in the case of a nomination for election to the Board of Directors) or the substance of the proposal (in the case of any other shareholder proposal), and shall include: (a) the name and residence address and business address of the shareholder who intends to present, the nomination or other proposal or of any person who participates or is expected to participate in making such nomination and of the person or persons, if any, to be nominated and the principal occupation or employment and the name, type of business and address of the business and address of the corporation or other organization in which such employment is carried on of each such shareholder, participant and nominee; (b) a representation that the Proponent is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present the nomination or other proposal specified in the notice; (c) a description of all arrangements or understandings between the Proponent and any other person or persons (naming such person or persons) pursuant to which the nomination or other proposal is to be made by the Proponent; (d) such other information regarding each proposal and each nominee as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nomination or other proposal been made by the Board of Directors; and (e) the consent of each nominee, if any, to serve as a director of the Corporation if elected. Within fifteen (15) days following the receipt by the Secretary of a notice of nomination or proposal pursuant hereto, the Board of Directors or a committee of the Board of Directors shall advise the Proponent and the Secretary of the Corporation in writing of any deficiencies in the notice and of any additional information the Corporation is requiring to determine the eligibility of the proposed nominee or the substance of the proposal. A Proponent who has been notified of deficiencies in the notice of nomination or proposal and/or of the need for additional information shall cure such deficiencies and/or provide such additional information within fifteen (15) days after receipt of the notice of such deficiencies and/or the need for additional information. The chairman of the meeting may, in his or her sole discretion, refuse to acknowledge a nomination or other proposal presented by any person that does not comply with the foregoing procedure and, upon his or her instructions, all votes cast for such nominee or with respect to such proposal may be disregarded.

(a) Annual Meeting of Shareholders.



(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (a) by or at the direction of the Board of Directors, including pursuant to the Corporation's notice of meeting, or (b) by any shareholder of the Corporation who was a shareholder of record at the time of giving of notice provided for in this By-Law, who is entitled to vote at the meeting and who has complied with the notice and other procedures set forth in these By-Laws. Clause (b) of this Section 8(a)(1) shall be the exclusive means for a shareholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of shareholders.

(2) Subject to Section 8(d)(3) of this Article III, for nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (b) of Section 8(a)(1) of this Article III, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than (i) for an annual meeting to be held during the month of October of any year, prior to the 1st day of July, but not before the first day of May, immediately preceding such October meeting, (ii) for an annual meeting to be held during the month of November of any year, prior to the 1st day of August, but not before the first day of June, immediately preceding such November meeting and (iii) for an annual meeting to be held on any other date for which the Corporation gives at least 90 days prior notice of such date to shareholders, not less than 50 nor more than 75 days prior to such meeting or (iv) for any other annual meeting, the close of business on the tenth day after public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth or include: (x) as to each person whom the shareholder proposes to nominate for election or reelection as a director (i) all information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in an election contest, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and the beneficial owner, if any, on whose behalf the nomination is made, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the shareholder making the nomination and the beneficial owner, if any, on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such Item and the nominee were a director or executive officer of such registrant, (iii) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire.

representation and agreement required by Section 8(c) of this Article III, and (iv) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee; (y) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-Laws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting, any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made and a description of all agreements, arrangements and understandings between such shareholder and such beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder; and (z) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) (A) the class and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such shareholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder has a right to vote any shares of any security of the Company, (D) any short interest in any security of the Company (for purposes of these By-Laws a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership and (G) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such shareholder's immediate family sharing the same household, (iii) any other information relating to such shareholder and such beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that such owner intends to appear in person or by proxy at the meeting to propose such business or nomination,

and (y) a representation whether the shareholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from shareholders in support of such proposal or nomination. In addition, to be timely, a shareholder's notice shall be further updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct (x) as of the record date for the meeting and (y) as of the date that is ten (10) business days prior to the meeting or any adjourned meeting. Such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation (x) not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and (y) not later than eight (8) business days prior to the date of the meeting or any adjourned meeting.

(3) Notwithstanding anything in the second sentence of Section 8(a)(2) of this Article III to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Shareholders.

Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the shareholder's notice required by Section 8(a)(2) of this Article III with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 8(c) of this Article III) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a shareholder's notice as described above. This paragraph (b) shall be the exclusive means for a shareholder to make nominations or other business proposals before a special meeting of shareholders (other than

matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

(c) Submission of Questionnaire, Representation and Agreement.

To be eligible to be a nominee of a shareholder for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 8(a)(1)(b) or Section 8(b) of this Article III) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualifications of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation and (D) will abide by the requirements these By-Laws.

(d) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in these By-Laws shall be eligible to be elected at an annual meeting of shareholders or special meeting of shareholders, as applicable, to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in these By-Laws. Except as otherwise provided by law, the articles of incorporation or the By-Laws of the Corporation, the presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these By-Laws and, if any proposed nomination or business is not in compliance with these By-Laws, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of Section 8 of this Article III, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 8 of this Article III, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in Section 8 of this Article III. Nothing in Section 8 of this Article III shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Subject to Rule 14a-8 under the Exchange Act, nothing in these By-Laws shall be construed to permit any shareholder, or give any shareholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

Section 9. ELECTION OF DIRECTORS. Election of directors need not be by ballot, except upon demand by a shareholder made at the election and before the voting begins. In each election for directors every shareholder entitled vote shall have the right in person or by proxy to multiply the number of shares which the shareholder is entitled to vote by the number of directors to be elected in that election, and cast the whole number of votes so determined for one candidate or distribute them among any two or more candidates in that election.

Section 10. ORDER OF BUSINESS. All meetings of the shareholders shall be called to order and presided over by the Chairman of the Board or the President, or in their absence by a Vice President, or in his absence by the Secretary, and if none of these be present by a chairman elected by the shareholders.

Section 11. PROXIES. Every proxy shall be executed or authenticated by the shareholder, or by his duly authorized attorney in-fact, and shall be filed with or transmitted to the Secretary of the Corporation before being voted. A shareholder or his duly authorized attorney in-fact may execute or authenticate a writing or transmit an electronic message authorizing another person to act for him by proxy. A telegram, telex, cablegram, datagram, e-mail or Internet communication or other similar means of electronic transmission from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact shall be treated as properly executed for purposes of this section; provided such transmission or reproduction sets forth a confidential and unique identification number or other mark furnished by the Corporation to the shareholder for the purposes of a particular meeting or transaction.

Section 12. JUDGES OF ELECTION. In advance of any meeting of shareholders, the Board of Directors may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of any such meeting may, and on the request of any shareholder shall, make such appointment at the meeting. The number of judges shall be one or three. No person who is a candidate for office to be filled at the meeting shall act as a judge. In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting or at the meeting by the presiding officer thereof. The judge or judges of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, shall receive votes or ballots, shall hear and determine all challenges and questions in any way arising in connection with the right to vote, shall count and tabulate all votes and determine the result and shall do

such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judge or judges of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. On request of the presiding officer of the meeting, or of any shareholder, the judge or judges shall make a report in writing of any challenge or question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

Article IV  
Directors

Section 1. BOARD OF DIRECTORS. All powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors. The Board shall consist of not less than eight nor more than twelve directors, the exact number to be fixed from time to time by resolution of the Board of Directors. Each director shall hold office for the term for which he is elected and until his successor is elected and qualified or until his earlier death, resignation or removal. Compensation may be allowed to the directors for their services, and a director also may be a salaried officer of the Corporation. Directors need not be shareholders.

Section 2. CLASSIFICATION. The directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes as nearly equal in number as possible. Each class shall hold office for a term of three years, and the term of office of one class shall expire in each succeeding year. At each annual meeting of shareholders, the successors to the directors of the class whose terms expire that year shall be elected to hold office for a term of three years. If at any meeting of the shareholders, whether an annual meeting or a special meeting for the election of directors, directors of more than one class are to be elected, separate elections shall be held for the directors of each class.

Section 3. VACANCIES. Vacancies in the Board of Directors and newly-created directorships resulting from any increase in the authorized number of directors shall be filled by a majority vote of the remaining members of the Board, though less than a quorum, and each person so elected shall be a director to serve for the balance of the unexpired term and until his or her successor has been selected and qualified or until said member's earlier death, resignation or removal.

Section 4. MEETINGS. The Board of Directors shall hold a meeting without other notice immediately after the annual meeting of the shareholders, and other meetings at such times and places as it may determine. Special meetings of the Board may be called by the Chairman of the Board, the President, the Secretary, or any two directors. Meetings of the Board of Directors may be held at such places within the Commonwealth of Pennsylvania or elsewhere as a majority of the directors may from time to time determine.

Section 5. NOTICE. No notice of regular meetings of the Board of Directors need be given. A written notice of all special meetings of the Board of Directors specifying the place, day and hour shall be given to each director at least 48 hours prior to the time set for the meeting.

When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting, or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

Section 6. QUORUM. A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present and voting at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting a quorum shall not be present, the meeting may be adjourned from time to time until a quorum shall be present.

Section 7. ELECTION OF OFFICERS AND BOARD CHAIRMAN. The Board of Directors shall elect a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer, and a Controller. The Board shall also from time to time elect such other officers and agents as it deems necessary or advisable. The Chairman of the Board must be selected from among the members of the Board of Directors, but the President and other officers may or may not be Directors. Unless sooner removed by the Board of Directors, all officers shall hold office for the term fixed by the Board and until their successors are elected and qualified or until their earlier death or resignation. Any two or more offices may be held by the same person, except the office of President and Secretary, but in no case shall the same person act in the same matter in two such official capacities. At the time of the election of the Chairman of the Board, the Board of Directors shall specify whether or not the individual so elected shall serve in the capacity of an officer-employee entitled to receive a salary, or in the capacity of a director entitled only to receive director's fees and allowances.

Section 8. REMOVAL OF OFFICERS. Any officer or agent of the Corporation may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. The Board of Directors shall have power to fill any vacancies in any office occurring in any manner.

Section 9. COMMITTEES. The Board of Directors may from time to time by resolution adopted by a majority of the directors in office, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee to the extent provided in the designating resolution of the Board of Directors shall have and exercise the authority of the Board of Directors in the management of the business and affairs of the Corporation except that a committee shall not have any power or authority as to: (i) the submission to shareholders of any action requiring the approval of shareholders pursuant to the Business Corporation Law, as it may hereafter be amended, (ii) the creation or filling of vacancies in the Board of Directors, (iii) the adoption, amendment or repeal of the By-Laws, (iv) the amendment, adoption or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board, or (v) action on matters committed by the By-Laws or resolution of the Board to another committee of the Board. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or

disqualified member. Each committee of the Board shall serve at the pleasure of the Board. Unless the Board of Directors provides otherwise by resolution each committee shall conduct its business and take action in the same manner as the Board conducts its business pursuant to the articles of the Corporation and these By-Laws.

Section 10. OTHER POWERS. In addition to the powers and authorities expressly conferred by these By-Laws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders.

Article V  
Officers and Board Chairman

Section 1. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall preside at all meetings of the shareholders and of the Board of Directors at which he is present. He shall perform such other duties as may be assigned to him from time to time by the Board of Directors.

Section 2. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be responsible for directing the implementation of the general policies and procedures of the Corporation and for the performance of such other duties as may be assigned from time to time by the Board of Directors. Except when prohibited by law or regulation, he shall be ex-officio a member of all Committees of the Board of Directors.

Section 3. PRESIDENT. The President shall have general and active management of the Corporation's business, and shall perform the usual duties incident to the office of President as required by law, the Articles of the Corporation or these By-Laws, and such other duties as may be assigned to him from time to time by the Board of Directors. Except when prohibited by law or regulation, he shall be ex-officio a member of all Committees of the Board of Directors.

Section 4. VICE PRESIDENT. Any Vice President shall perform such duties as shall be assigned to him by the Board of Directors or President, and, in the absence or disability of the President, he shall perform the duties of the President.

Section 5. SECRETARY. The Secretary shall attend the meetings of the shareholders and Board of Directors and keep minutes thereof in suitable books kept for that purpose. He shall have custody of the stock books and stock ledgers of this Corporation, and shall give, or cause to be given, all notices as are required by law, or by the Articles of Incorporation, or by these By-Laws. He shall perform such other duties as may be prescribed by the Board of Directors or by the President, as well as all the usual duties incident to the office of Secretary.

Section 6. TREASURER. The Treasurer shall have custody of the corporate funds and securities and shall keep, or cause to be kept, full and accurate accounts of receipts and disbursements in books kept for that purpose. He shall deposit all monies, and other valuable effects, in the name and to the credit of the Corporation, in such depository as shall be designated from time to time by the Board of Directors. As directed by the Board of Directors or the



President, he shall disburse monies of the Corporation, taking proper vouchers for such disbursements and shall render upon request from time to time to the President and directors an account of all his transactions as Treasurer and of the financial condition of the Corporation. In addition, he shall perform all the usual duties incident to the office of Treasurer and such other duties as the Board of Directors or the President may prescribe.

Section 7. CONTROLLER. The Controller shall have charge of the accounting of the Corporation, and shall perform all the usual duties incident to the office of Controller and such other duties as the Board of Directors may prescribe or require.

Section 8. DELEGATION OF DUTIES. In case of the absence or disability of any officer of the Corporation, or if it is deemed expedient and desirable so to do, the Board of Directors or the President may delegate the powers or duties of any officer to any other officer or director for such time or period as may be specified.

Section 9. CONTRACTS. All promissory notes, drafts, bills of exchange or other negotiable instruments shall be signed by the President or a Vice President and the Secretary or the Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate. All other written contracts shall be signed by the President or a Vice President, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

## Article VI

### Share Certificates and Transfers

Section 1. SHARE CERTIFICATES. Shares of the capital stock of the Corporation may be certificated or uncertificated, as provided under the Business Corporation Law of the Commonwealth of Pennsylvania. Each shareholder, upon written request to the transfer agent or registrar of the Corporation, shall be entitled to a certificate of the capital stock of the Corporation in such form as the Board of Directors may from time to time determine. Every share certificate shall be signed by the President or Vice President and countersigned by the Treasurer or Assistant Treasurer or by the Secretary or Assistant Secretary and may be sealed with the corporate seal, which may be a facsimile, engraved or printed, but where such certificate is signed by a transfer agent or a registrar, the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed.

Section 2. TRANSFERS. Shares of the Corporation evidenced by certificates shall upon the surrender and cancellation of the certificate or certificates representing the same be transferred upon the books of the Corporation at the request of the holder thereof named in the surrender certificate or certificates, in person or by his legal representative, or by his attorney duly authorized by written power of attorney filed with the Corporation or its transfer agent. Shares of the stock of the Corporation which are uncertificated shall, upon the receipt of proper transfer instructions from the registered owner of uncertificated shares, be cancelled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the holder entitled thereto. It shall be the duty of the Corporation to issue a new certificate or evidence of the issuance of uncertificated shares to the holder entitled thereto, cancel the old certificate and record the transaction upon the Corporation's books. Within a reasonable time after the issuance

or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice that shall set forth the name of the Corporation, that the Corporation is organized under the laws of the Commonwealth of Pennsylvania, the name of the holder, the number and class (and the designation of the series, if any) of the shares represented, and any restrictions on the transfer or registration of such shares of stock imposed by the Articles of Incorporation, these By-Laws, any agreement among shareholders or any agreement between shareholders and the Corporation.

Section 3. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint a transfer agent or transfer clerk or a registrar of transfers, or both, for all shares of the Corporation, whether certificated or uncertificated, and it may require all stock certificates to bear the signature of either or both. The Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares of the Corporation, whether certificated or uncertificated.

Section 4. LOSS, THEFT OR DESTRUCTION OF CERTIFICATES. In case of loss, theft or destruction of a share certificate another certificate (or uncertificated share) may be issued in lieu thereof in such manner and upon such terms as the Board of Directors shall from time to time authorize.

Section 5. TRANSFERS. Shares of the Corporation shall upon the surrender and cancellation of the certificate or certificates representing the same be transferred upon the books of the Corporation at the request of the holder thereof named in the surrendered certificate or certificates, in person or by his legal representative, or by his attorney duly authorized by written power of attorney filed with the Corporation or its transfer agent.

Section 6. TRANSFER AGENT AND REGISTRAR. The Board of Directors may appoint a transfer agent or transfer clerk or a registrar of transfers, or both, and it may require all stock certificates to bear the signature of either or both. The Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the Corporation.

Section 7. LOSS, THEFT OR DESTRUCTION OF CERTIFICATES. In case of loss, theft or destruction of a share certificate another may be issued in lieu thereof in such manner and upon such terms as the Board of Directors shall from time to time authorize.

Section 8. DETERMINATION OF SHAREHOLDERS OF RECORD. The Board of Directors may fix a time, not more than seventy days prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, or the date fixed for any other matter as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares or entitled to receive or take action with respect to any other matter. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend, or to receive such

allotment of rights, or to exercise such rights or to receive or take action with respect to any other matter as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid.

## Article VII

### Waiver of Notice, Action Without Meeting and Meetings By Conference Telephone

Section 1. **WAIVER OF NOTICE.** Whenever any written notice is required to be given under the Pennsylvania Business Corporation Law, the articles or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be transacted at nor the purpose of the meeting need be specified in the waiver of notice of such meeting.

The attendance of a person either in person or by proxy at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 2. **ACTION BY CONSENT.** Any action which may be taken at a meeting of the shareholders or of the directors, or of any committee of directors, may be taken without a meeting, if a consent in writing setting forth the action so taken shall be signed by all the shareholders who would be entitled to vote at a meeting for such purpose or by all of the directors, or by all of the members of such committee, as the case may be, and shall be filed with the Secretary of the Corporation.

Section 3. **MEETINGS BY CONFERENCE TELEPHONE.** One or more directors may participate in a meeting of the Board or of a committee of the Board, and the Board of Directors may provide by resolution with respect to a specific meeting or with respect to a class of meetings that one or more persons may participate in a meeting of the shareholders of the Corporation, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at the meeting.

Section 4. **MANNER OF GIVING NOTICE.** Whenever written notice is required to be given to any person under the provisions of the Business Corporation Law or by the articles or these By-Laws, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telecopier, to the shareholder's address (or to the shareholder's telex, TWX, telecopier or telephone number) appearing on the books of the Corporation or, in the case of directors, supplied by the director to the Corporation for the purpose of notice. Notice sent by mail, by telegraph or by courier service shall be deemed to have been given when deposited in the United States mail or with a telegraph office or courier service for delivery except that, in the case of directors, notice sent by regular mail shall be deemed to have been given forty-eight hours after being deposited in the United States mail or, in the case of telex, TWX or telecopier, when dispatched.

Article VIII  
Fiscal Year

The fiscal year of the Corporation shall end on the 30th day of June.

Article IX  
Limitation of Director's Liability and Indemnification

Section 1. LIMITATION OF DIRECTOR'S LIABILITY. A director of the Corporation shall not be personally liable for monetary damages for any action taken or failure to take any action unless the director has breached or failed to perform the duties of his office under Section 8363 of the Directors' Liability Act [15 Pa. C.S. §511 and §1721] and such breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director (i) for any responsibility or liability of such director pursuant to any criminal statute, or (ii) for any liability of a director for the payment of taxes pursuant to local, State or Federal law. No repeal or modification of this Article IX, Section 1 nor the adoption of any provision inconsistent with this Article IX, Section 1 shall adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification or the adoption of such inconsistent provision.

Section 2. INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) Right to Indemnification.

Except as otherwise provided below, each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding") and whether or not by or in the right of the Corporation or otherwise, by reason of the fact that he or she, or a person of whom he or she is the heir, executor or administrator, is or was, at any time during which this By-Law is or was in effect (whether or not such person continues to serve in such capacity at the time any indemnification or payment of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or trustee, or in any other capacity while serving as a director or officer or trustee, shall be indemnified and held harmless by the Corporation against all reasonable expenses, including attorneys' fees, and any liability and loss, including judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement, incurred or paid by such person in connection therewith; provided, however, that such person shall not be entitled to indemnification hereunder if the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness; provided further, that except with respect to the enforcement of claims described in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to

indemnification conferred in this section shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of the final disposition thereof; provided, however, that to the extent required by law, the payment of such expenses incurred by an officer or director in advance of the final disposition of a proceeding shall be made only upon receipt of an undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that he or she is not entitled to be indemnified under this section or otherwise. The right to indemnification including the right to the advancement of expenses provided herein shall be a contract right and continue as to a person who has ceased to be a director or officer or trustee, and shall inure to the benefit of the heirs, executors and administrators of such person.

(b) Right of Claimant to Bring Suit.

If a claim under paragraph (a) of this section is not paid in full by the Corporation within forty-five (45) days after a written claim has been received by the Corporation, the claimant may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim.

(c) Non-Exclusivity of Rights.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of a final disposition conferred in this Article IX shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses hereunder may be entitled under any by-law, agreement, vote of ~~stockholders~~, shareholders or directors, applicable law, or otherwise, both as to action in his official capacity and as to action in any other capacity while holding that office, the Corporation having the express authority to enter into such agreements as the Board of Directors deems appropriate for the indemnification and advancement of expenses to present or future directors and officers of the Corporation.

(d) Funding.

The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this By-Law or otherwise.

Article X  
Resignations

Any director or officer may resign from office at any time, such resignation to be made in writing and to take effect from the time of its receipt, unless some time be fixed in the resignation and then from that time. The acceptance of a resignation shall not be required to make it effective.

Article XI  
Amendments

These By-Laws may be amended or repealed, and new By-Laws may be adopted, by the Board of Directors, regardless of whether the shareholders have previously adopted or approved the By-Law being amended or repealed, except where the power to repeal, adopt or amend a By-Law on any subject is expressly committed to the shareholders by the Business Corporation Law, and subject always to the power of the shareholders to change any action taken by the Board. Any change in the By-Laws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

Article XII  
Miscellaneous

When used in these By-Laws, any terms stated in the singular and/or masculine gender (such as he or him) shall be construed to include the plural and/or feminine gender as the context and circumstances shall warrant appropriate.

Article XIII  
Applicability of Certain Provisions  
of the Pennsylvania Business Corporation Law

Subchapters G (relating to control share acquisitions), H (relating to disgorgement by certain controlling shareholders following attempts to acquire control), I (relating to severance compensation for employees terminated following certain control share acquisitions), and J (relating to the status of labor contracts following certain business combination transactions) of Chapter 25 of the Pennsylvania Business Corporation Law shall not be applicable to the Corporation.

**FOR IMMEDIATE RELEASE:**

DATE: January 26, 2012

Investor Relations

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Media Relations

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**KENNAMETAL ANNOUNCES RECORD SECOND QUARTER 2012 RESULTS**

- Record December quarter EPS of \$0.91 and operating margin of 14.7 percent
- All-time record adjusted ROIC of 17.3 percent
- Increases EPS guidance to \$3.70 to \$3.90 from \$3.60 to \$3.85
- Enters into a definitive agreement to acquire Deloro Stellite

LATROBE, Pa., (January 26, 2012) – Kennametal Inc. (NYSE: KMT) today reported record fiscal 2012 second quarter earnings per diluted share (EPS) of \$0.91 compared with prior year quarter reported EPS of \$0.52. The prior year EPS included restructuring and related charges of \$0.05 per share.

Carlos Cardoso, Kennametal's Chairman, President and Chief Executive Officer said "Kennametal again delivered strong results for the December quarter. These results are attributable to the successful implementation of our strategies to outperform industrial production and improve our market position. Organic sales grew by 14 percent year over year, which reflects ongoing customer demand even with strong comparisons from the prior year quarter. Our profitability remains at a high level and we achieved an all-time historical record return on invested capital."

Cardoso added, "As we announced last week, the pending acquisition of Deloro Stellite reinforces our strategy of acquiring technologies that strengthen our core business. The acquisition is consistent with our strategy of growth by further diversifying our customer base, products, end markets and geographic regions. Also, it reflects our mission to provide customers with innovative solutions to improve their productivity. As always, we are highly disciplined in executing strategies to grow our business and remain committed to continuing to deliver shareowner value."

## **Fiscal 2012 Second Quarter Key Developments**

- Sales were \$642 million, compared with \$566 million in the same quarter last year. Sales increased primarily as a result of organic growth of 14 percent.
- Operating income was \$94 million compared with \$62 million in the same quarter last year. The prior year operating income included restructuring and related charges of \$5 million. Operating margin of 14.7 percent was a December quarter record and 290 basis points higher than the prior year quarter adjusted operating margin of 11.8 percent. The improved margin was driven by higher sales volume and price realization and incremental restructuring benefits, partially offset in part by higher raw material costs.
- The reported effective tax rate was 17.3 percent compared to 21.3 percent for the prior year quarter. The current year rate benefitted from a \$4 million valuation allowance adjustment and the impact of stronger earnings in our pan-European operations.
- Second quarter record reported EPS were \$0.91 compared with prior year quarter reported EPS of \$0.52. The prior year EPS included restructuring and related charges of \$0.05.
- Adjusted ROIC was 17.3 percent as of December 31, 2011 and was an all-time company record. The previous all-time record for adjusted ROIC was 16.2 percent as of September 30, 2011.
- Cash flow from operating activities was \$71 million for the six months ended December 31, 2011, compared with \$67 million in the prior year period. Net capital expenditures were \$33 million and \$14 million for the six months ended December 31, 2011 and 2010, respectively. The company generated year to date free operating cash flow of \$38 million compared with \$54 million in the same period last year.

## **Segment Developments for the Fiscal 2012 Second Quarter**

- Industrial segment sales of \$410 million increased by 11 percent from \$369 million in the prior year quarter, driven by organic growth. On an organic basis, sales increased in all served market sectors led by growth in aerospace and defense of 16 percent, general engineering of 12 percent and a 7 percent increase in transportation. On a regional basis, sales increased by approximately 15 percent in the Americas, 13 percent in Europe and 1 percent in Asia.
- Industrial segment operating income was \$63 million compared with \$42 million for the same quarter of the prior year. Industrial operating income was \$46 million in the prior year quarter, absent restructuring and related charges. The primary drivers of the increase in operating income were higher sales volume and price realization, partially offset by an increase in raw material costs. Industrial operating margin increased to 15.3 percent from an adjusted operating margin of 12.4 percent in the prior year quarter.



- Infrastructure segment sales of \$232 million increased 18 percent from \$197 million in the prior year quarter, driven by 19 percent organic growth. The organic increase was driven by 25 percent higher sales of energy and related products, as well as a 15 percent increase in demand for earthworks products. On a regional basis, sales increased by approximately 34 percent in Asia, 16 percent in the Americas and 10 percent in Europe.
- Infrastructure segment operating income was \$33 million, compared with \$22 million in the same quarter of the prior year. Infrastructure operating income was \$23 million in the prior year quarter, absent restructuring and related charges. Operating income grew primarily due to higher sales volume and price realization, despite significantly higher raw material costs. Infrastructure operating margin increased to 14.4 percent compared to an adjusted operating margin of 11.8 percent in the prior year quarter.

#### **Fiscal 2012 First Half Key Developments**

- Sales were \$1,301 million, compared with \$1,095 million in the same period last year. Sales increased as a result of organic growth of 16 percent and a 3 percent favorable impact from foreign currency effects.
- Operating income was \$196 million compared with \$119 million in the same period last year. Operating income was \$129 million, absent restructuring and related charges in the prior year period. Operating margin was 15.0 percent for the six months ended December 31, 2011, compared with an adjusted operating margin of 11.7 percent for the same period last year.
- Reported EPS were \$1.79 compared with \$0.94 in the prior year period. The prior year EPS included restructuring and related charges of \$0.10.

Reconciliations of all non-GAAP financial measures are set forth in the attached tables, and the corresponding descriptions are contained in our report on Form 8-K to which this release is attached.

#### **Kennametal to Acquire Deloro Stellite**

On January 17, 2012, Kennametal announced that it signed a definitive agreement to purchase the Deloro Stellite Group from Duke Street Capital for approximately euro 277 million. The UK-based Deloro Stellite, with approximately euro 220 million in annual sales, is a global manufacturer and provider of alloy-based critical wear solutions for extreme environments involving high temperature, corrosion and abrasion. The company employs approximately 1,300 people across seven primary operating facilities globally, including locations in the U.S., Canada, Germany, Italy, India and China. Through proprietary metal alloys and materials expertise as well as specialized engineering design and fabrication capabilities, Deloro Stellite delivers value-added, tailored wear solutions for customers in Kennametal's current end markets of energy, which includes oil and gas and power generation, transportation, and aerospace.

This acquisition is in alignment with Kennametal's growth strategy and positions the company to further achieve geographic and end market balance. The transaction is expected to be accretive to earnings in the fiscal year ending June 30, 2013. Kennametal plans to fund the acquisition through existing credit facilities and operating cash flow, and remains committed to maintaining its investment grade ratings.

### **Outlook**

Global economic conditions and worldwide industrial production are expected to continue to reflect moderate expansion. As such, Kennametal has maintained its fiscal 2012 organic sales growth guidance range of 10 percent to 12 percent and increased total sales growth guidance to a range of 10 percent to 12 percent from its previous estimate of 9 percent to 11 percent. Foreign currency impacts are expected to be offset by the impact of more business days in fiscal 2012. The company has increased its EPS guidance for fiscal 2012 to the range of \$3.70 to \$3.90 per share from the previous range of \$3.60 to \$3.85 per share.

Pending the closing of the acquisition of Deloro Stellite, we would expect the impact to EPS for fiscal 2012 to be (\$0.05) to (\$0.10) which includes transaction costs of approximately \$6 million. This impact from Deloro Stellite has not been reflected in Kennametal's current EPS or sales guidance.

Cash flow from operations is expected to be in the range of \$330 million to \$360 million for fiscal 2012. Based on capital expenditures of approximately \$100 million, the company expects to generate between \$230 million to \$260 million of free operating cash flow for the full fiscal year.

### **Dividend Declared**

Kennametal also announced that its Board of Directors declared a regular quarterly cash dividend of \$0.14 per share. The dividend is payable February 22, 2012 to shareowners of record as of the close of business on February 7, 2012.

Kennametal advises shareowners to note monthly order trends, for which the company generally makes a disclosure ten business days after the conclusion of each month. This information is available on the Investor Relations section of Kennametal's corporate website at [www.kennametal.com](http://www.kennametal.com).

Second quarter results for fiscal 2012 will be discussed in a live Internet broadcast at 9:00 a.m. Eastern time today. This event will be broadcast live on the company's website, [www.kennametal.com](http://www.kennametal.com). Once on the homepage, select "Investor Relations" and then "Events." The replay of this event will also be available on the company's website through February 26, 2012.

*Certain statements in this release may be forward-looking in nature, or "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal's outlook for earnings, sales volumes, and cash flow for fiscal year 2012 and our expectations regarding future growth and financial performance are forward-looking statements. Any forward looking statements are based on current knowledge, expectations and estimates that involve inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, our actual results could vary materially from our current expectations. There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements. They include: economic recession; availability and cost of the raw materials we use to manufacture our products; our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability; changes in the regulatory environment in which we operate, including environmental, health and safety regulations; our ability to protect and defend our intellectual property; competition; our ability to retain our management and employees; demands on management resources; demand for and market acceptance of our products; integrating acquisitions and achieving the expected savings and synergies; business divestitures; and implementation of environmental remediation matters. Many of these risks are more fully described in Kennametal's latest annual report on Form 10-K and its other periodic filings with the Securities and Exchange Commission. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.*

Kennametal Inc. (NYSE: KMT) delivers productivity to customers seeking peak performance in demanding environments by providing innovative custom and standard wear-resistant solutions. This proven productivity is enabled through our advanced materials sciences and application knowledge. Our commitment to a sustainable environment provides additional value to our customers. Companies operating in everything from airframes to coal mining, from engines to oil wells and from turbochargers to construction recognize Kennametal for extraordinary contributions to their value chains. In fiscal year 2011, customers bought approximately \$2.4 billion of Kennametal products and services – delivered by our approximately 12,000 talented employees doing business in more than 60 countries – with more than 50 percent of these revenues coming from outside North America. Visit us at [www.kennametal.com](http://www.kennametal.com).

**FINANCIAL HIGHLIGHTS**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

<b>(in thousands, except per share amounts)</b>	<b>Three Months Ended December 31,</b>		<b>Six Months Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Sales	\$ 641,741	\$ 565,768	\$ 1,300,618	\$ 1,094,926
Cost of goods sold	409,855	365,743	817,672	706,161
Gross profit	231,886	200,025	482,946	388,765
Operating expense	134,566	132,105	280,555	257,125
Restructuring charges	-	3,391	-	6,651
Amortization of intangibles	3,272	2,912	6,733	5,860
Operating income	94,048	61,617	195,658	119,129
Interest expense	5,256	5,564	10,743	11,527
Other (income) expense, net	(1,258)	(253)	(684)	1,658
Income before income taxes	90,050	56,306	185,599	105,944
Provision for income taxes	15,579	12,016	37,555	25,698
Net income	74,471	44,290	148,044	80,246
Less: Net income attributable to noncontrolling interests	774	821	2,361	1,856
Net income attributable to Kennametal	\$ 73,697	\$ 43,469	\$ 145,683	\$ 78,390
<b>PER SHARE DATA ATTRIBUTABLE TO KENNAMETAL SHAREOWNERS</b>				
Basic earnings per share	\$ 0.92	\$ 0.53	\$ 1.82	\$ 0.95
Diluted earnings per share	\$ 0.91	\$ 0.52	\$ 1.79	\$ 0.94
Dividends per share	\$ 0.14	\$ 0.12	\$ 0.26	\$ 0.24
Basic weighted average shares outstanding	79,765	82,186	80,212	82,146
Diluted weighted average shares outstanding	80,936	83,337	81,357	83,012

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(in thousands)	December 31, 2011	June 30, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 128,537	\$ 204,565
Accounts receivable, net	404,945	447,835
Inventories	571,063	519,973
Other current assets	115,268	115,212
<b>Total current assets</b>	<b>1,219,813</b>	<b>1,287,585</b>
Property, plant and equipment, net	657,297	697,062
Goodwill and other intangible assets, net	650,328	663,607
Other assets	117,300	106,215
<b>Total assets</b>	<b>\$ 2,644,738</b>	<b>\$ 2,754,469</b>
<b>LIABILITIES</b>		
Current maturities of long-term debt and capital leases, including notes payable	\$ 306,339	\$ 310,963
Accounts payable	196,086	222,678
Other current liabilities	243,414	307,880
<b>Total current liabilities</b>	<b>745,839</b>	<b>841,521</b>
Long-term debt and capital leases	1,599	1,919
Other liabilities	267,126	252,388
<b>Total liabilities</b>	<b>1,014,564</b>	<b>1,095,828</b>
<b>KENNAMETAL SHAREOWNERS' EQUITY</b>	<b>1,610,245</b>	<b>1,638,072</b>
<b>NONCONTROLLING INTERESTS</b>	<b>19,929</b>	<b>20,569</b>
<b>Total liabilities and equity</b>	<b>\$ 2,644,738</b>	<b>\$ 2,754,469</b>

**SEGMENT DATA (UNAUDITED)**

(in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2011	2010	2011	2010
<i>Outside Sales:</i>				
Industrial	\$ 409,887	\$ 369,139	\$ 827,706	\$ 699,797
Infrastructure	231,854	196,629	472,912	395,129
Total outside sales	\$ 641,741	\$ 565,768	\$1,300,618	\$1,094,926
<i>Sales By Geographic Region:</i>				
United States	\$ 272,587	\$ 232,164	\$ 559,323	\$ 474,600
International	369,154	333,604	741,295	620,326
Total sales by geographic region	\$ 641,741	\$ 565,768	\$1,300,618	\$1,094,926
<i>Operating Income:</i>				
Industrial	\$ 62,898	\$ 42,157	\$ 135,583	\$ 78,265
Infrastructure	33,312	21,566	65,866	48,069
Corporate <sup>(1)</sup>	(2,162)	(2,106)	(5,791)	(7,205)
Total operating income	\$ 94,048	\$ 61,617	\$ 195,658	\$ 119,129

<sup>(1)</sup> Represents unallocated corporate expenses

In addition to reported results under generally accepted accounting principles in the United States of America (GAAP), the following financial highlight tables include, where appropriate, a reconciliation of adjusted results including gross profit, operating expense, operating income, Industrial operating income and margin, Infrastructure operating income and margin, net income and diluted earnings per share, free operating cash flow and return on invested capital (which are non-GAAP financial measures), to the most directly comparable GAAP measures. For those adjustments that are presented 'net of tax', the tax effect of the adjustment can be derived by calculating the difference between the pre-tax and the post-tax adjustments presented. The tax effect on adjustments is calculated by preparing an overall tax calculation including the adjustments and then a tax calculation excluding the adjustments. The difference between these calculations results in the tax impact of the adjustments.

Management believes that investors should have available the same information that management uses to assess operating performance, determine compensation and assess the capital structure of the company. These non-GAAP measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Investors are cautioned that non-GAAP financial measures utilized by the company may not be comparable to non-GAAP financial measures used by other companies. Reconciliations of all non-GAAP financial measures are set forth in the attached tables and descriptions of certain non-GAAP financial measures are contained in our report on Form 8-K to which this release is attached.

#### FREE OPERATING CASH FLOW (UNAUDITED)

(in thousands)	Six Months Ended December 31,	
	2011	2010
Net cash flow provided by operating activities	\$ 71,099	\$ 67,401
Purchases of property, plant and equipment	(35,593)	(21,150)
Proceeds from disposals of property, plant and equipment	2,557	7,451
Free operating cash flow	\$ 38,063	\$ 53,702

#### THREE MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)

(in thousands, except per share amounts)	Gross Profit	Operating Expense	Operating Income	Net Income <sup>(2)</sup>	Diluted EPS
2011 Reported Results	\$ 200,025	\$ 132,105	\$ 61,617	\$ 43,469	\$ 0.52
2011 Reported Operating Margin			10.9%		
Restructuring and related charges	993	(758)	5,142	4,366	0.05
2011 Adjusted Results	\$ 201,018	\$ 131,347	\$ 66,759	\$ 47,835	\$ 0.57
2011 Adjusted Operating Margin			11.8%		

(in thousands, except percents)	Industrial Operating Income	Infrastructure Operating Income
2011 Reported Results	\$ 42,157	\$ 21,566
2011 Reported Operating Margin	11.4%	11.0%
Restructuring and related charges	3,562	1,580
2011 Adjusted Results	\$ 45,719	\$ 23,146
2011 Adjusted Operating Margin	12.4%	11.8%

<sup>(2)</sup> Represents amounts attributable to Kennametal shareowners

**SIX MONTHS ENDED DECEMBER 31, 2010 (UNAUDITED)**

(in thousands, except per share amounts)	Gross Profit	Operating Expense	Operating Income	Net Income <sup>(2)</sup>	Diluted EPS
2011 Reported Results	\$388,765	\$ 257,125	\$ 119,129	\$ 78,390	\$ 0.94
2011 Reported Operating Margin			10.9%		
Restructuring and related charges	1,964	(780)	9,395	8,117	0.10
2011 Adjusted Results	\$390,729	\$ 256,345	\$ 128,524	\$ 86,507	\$ 1.04
2011 Adjusted Operating Margin			11.7%		

<sup>(2)</sup> Represents amounts attributable to Kennametal shareowners

**RETURN ON INVESTED CAPITAL (UNAUDITED)  
December 31, 2011 (In thousands, except percents)**

Invested Capital	12/31/2011	9/30/2011	6/30/2011	3/31/2011	12/31/2010	Average
Debt	\$ 307,938	\$ 312,721	\$ 312,882	\$ 316,843	\$ 316,379	\$ 313,353
Total equity	1,630,174	1,588,745	1,658,641	1,562,387	1,476,427	1,583,275
Total	\$1,938,112	\$1,901,466	\$1,971,523	\$1,879,230	\$1,792,806	\$1,896,628

Interest Expense	Three Months Ended				Total
	12/31/2011	9/30/2011	6/30/2011	3/31/2011	
Interest expense	\$ 5,256	\$ 5,487	\$ 5,466	\$ 5,767	\$ 21,976
Income tax benefit					4,417
Total interest expense, net of tax					\$ 17,559
Total Income	12/31/2011	9/30/2011	6/30/2011	3/31/2011	Total
Net income attributable to Kennametal, as reported	\$ 73,697	\$ 71,986	\$ 86,655	\$ 64,683	\$ 297,021
Restructuring and related charges	-	-	5,588	4,379	9,967
Noncontrolling interest	774	1,587	174	520	3,055
Total income, adjusted	\$ 74,471	\$ 73,573	\$ 92,417	\$ 69,582	\$ 310,043
Total interest expense, net of tax					17,559
Average invested capital					\$ 327,602
<b>Adjusted Return on Invested Capital</b>					<b>17.3%</b>

**Return on invested capital calculated utilizing net income, as reported is as follows:**

Net income attributable to Kennametal, as reported	\$ 297,021
Total interest expense, net of tax	17,559
	\$ 314,580
Average invested capital	\$1,896,628
<b>Return on Invested Capital</b>	<b>16.6%</b>

**RETURN ON INVESTED CAPITAL (UNAUDITED)**  
**September 30, 2011 (In thousands, except percents)**

<b>Invested Capital</b>	<b>9/30/2011</b>	<b>6/30/2011</b>	<b>3/31/2011</b>	<b>12/31/2010</b>	<b>9/30/2010</b>	<b>Average</b>
Debt	\$ 312,721	\$ 312,882	\$ 316,843	\$ 316,379	\$ 318,819	\$ 315,529
Total equity	1,588,745	1,658,641	1,562,387	1,476,427	1,437,616	1,544,763
<b>Total</b>	<b>\$1,901,466</b>	<b>\$1,971,523</b>	<b>\$1,879,230</b>	<b>\$1,792,806</b>	<b>\$1,756,435</b>	<b>\$1,860,292</b>

	<b>Three Months Ended</b>				
<b>Interest Expense</b>	<b>9/30/2011</b>	<b>6/30/2011</b>	<b>3/31/2011</b>	<b>12/31/2010</b>	<b>Total</b>
Interest expense	\$ 5,487	\$ 5,466	\$ 5,767	\$ 5,564	\$ 22,284
Income tax benefit					5,125
Total interest expense, net of tax					\$ 17,159

<b>Total Income</b>	<b>9/30/2011</b>	<b>6/30/2011</b>	<b>3/31/2011</b>	<b>12/31/2010</b>	<b>Total</b>
Net income attributable to Kennametal, as reported	\$ 71,986	\$ 86,655	\$ 64,683	\$ 43,469	\$ 266,793
Restructuring and related charges	-	5,588	4,379	4,366	14,333
Noncontrolling interest	1,587	174	520	821	3,102
<b>Total income, adjusted</b>	<b>\$ 73,573</b>	<b>\$ 92,417</b>	<b>\$ 69,582</b>	<b>\$ 48,656</b>	<b>\$ 284,228</b>

Total interest expense, net of tax					17,159
					\$ 301,387
Average invested capital					\$1,860,292

**Adjusted Return on Invested Capital** **16.2%**

**Return on invested capital calculated utilizing net income, as reported is as follows:**

Net income attributable to Kennametal, as reported	\$ 266,793
Total interest expense, net of tax	17,159

	\$ 283,952
Average invested capital	\$1,860,292

**Return on Invested Capital** **15.3%**