UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004

Commission file number 1-5318

KENNAMETAL INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-0900168**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

World Headquarters
1600 Technology Way
P.O. Box 231
Latrobe, Pennsylvania 15650-0231
(Address of registrant's principal executive offices)

Website: **www.kennametal.com**

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act). YES [X] NO [ ]

Indicate the number of shares outstanding of each of the issuer's classes of capital stock, as of the latest practicable date:

Title Of Each Class	Outstanding at October 29, 2004
Capital Stock, par value $1.25 per share	38,019,976

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FORM 10-Q
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004

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Forward-Looking Information

This Form 10-Q contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934. You can identify these forward-looking statements by the fact they use words such as “should,” “anticipate,” “estimate,” “approximate,” “expect,” “may,” “will,” “project,” “intend,” “plan,” “believe” and other words of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements are likely to relate to, among other things, our goals, plans and projections regarding our financial position, results of operations, cash flows, market position and product development, which are based on current expectations that involve inherent risks and uncertainties, including factors that could delay, divert or change any of them in the next several years. Although it is not possible to predict or identify all factors, they may include the following: global economic conditions; future terrorist attacks; epidemics; risks associated with integrating and divesting businesses and achieving the expected savings and synergies; demands on management resources; risks associated with international markets such as currency exchange rates, and social and political environments; competition; labor relations; commodity prices; demand for and market acceptance of new and existing products; and risks associated with the implementation of restructuring plans and environmental remediation matters. We can give no assurance that any goal or plan set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KENNAMETAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended September 30,	
	2004	**2003**
Sales	$531,436	$444,575
Cost of goods sold	358,041	300,468
Gross profit	173,395	144,107
Operating expense	130,949	121,239
Restructuring	—	550
Amortization of intangibles	537	470
Operating income	41,909	21,848
Interest expense	6,456	6,600
Other (income) expense, net	(1,574)	1,337
Income before provision for income taxes and minority interest	37,027	13,911
Provision for income taxes	13,330	4,452
Minority interest expense	977	695
Net income	$ 22,720	$ 8,764
PER SHARE DATA		
Basic earnings per share	$ 0.62	$ 0.25
Diluted earnings per share	$ 0.61	$ 0.24
Dividends per share	$ 0.17	$ 0.17
Basic weighted average shares outstanding	36,373	35,336
Diluted weighted average shares outstanding	37,363	35,989

The accompanying notes are an integral part of these condensed consolidated financial statements.

KENNAMETAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands)	September 30, 2004	June 30, 2004
ASSETS		
Current assets:		
Cash and equivalents	$ 28,688	$ 25,940
Accounts receivable, less allowance for doubtful accounts of $19,558 and $18,727	253,699	247,245
Inventories	404,478	388,077
Other current assets	133,322	135,683
Total current assets	820,187	796,945
Property, plant and equipment:		
Land and buildings	271,750	269,587
Machinery and equipment	1,033,176	1,013,090
Less accumulated depreciation	(817,310)	(798,202)
Net property, plant and equipment	487,616	484,475
Other assets:		
Investments in affiliated companies	16,214	15,775
Goodwill	493,137	488,715
Intangible assets, less accumulated amortization of $8,948 and $8,307	53,350	53,299
Other	99,519	99,454
Total other assets	662,220	657,243
Total assets	$1,970,023	$1,938,663
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt and capital leases	$ 112,141	$ 100,423
Notes payable to banks	4,305	26,384
Accounts payable	146,543	148,216
Accrued income taxes	26,921	17,800
Accrued expenses	83,145	83,459
Other current liabilities	110,430	113,100
Total current liabilities	483,485	489,382
Long-term debt and capital leases, less current maturities	318,989	313,400
Accrued pension and postretirement benefits	150,896	148,973
Other liabilities	74,844	83,524
Total liabilities	1,028,214	1,035,279
Commitments and contingencies		
Minority interest in consolidated subsidiaries	17,377	16,232
SHAREOWNERS’ EQUITY		
Preferred stock, no par value; 5,000 shares authorized; none issued	—	—
Capital stock, $1.25 par value; 70,000 shares authorized; 37,989 and 37,912 shares issued	47,486	47,390
Additional paid-in capital	533,481	525,476
Retained earnings	366,464	350,012
Treasury shares, at cost; 918 and 1,279 shares held	(29,322)	(39,670)
Unearned compensation	(13,888)	(9,025)
Accumulated other comprehensive loss	20,211	12,969
Total shareowners’ equity	924,432	887,152
Total liabilities and shareowners’ equity	$1,970,023	$1,938,663

The accompanying notes are an integral part of these condensed consolidated financial statements.

KENNAMETAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Three Months Ended September 30, 2004	2003
OPERATING ACTIVITIES		
Net income	$ 22,720	$ 8,764
Adjustments for non-cash items:		
Depreciation	14,931	14,881
Amortization	537	470
Stock-based compensation expense	3,798	3,088
Other	1,484	3,385
Changes in certain assets and liabilities (excluding acquisition):		
Accounts receivable	(890)	9,052
Change in accounts receivable securitization	(2,168)	(3,998)
Inventories	(13,022)	3,728
Accounts payable and accrued liabilities	(8,120)	(18,593)
Accrued income taxes	9,336	(9,333)
Other	3,201	741
Net cash flow provided by operating activities	31,807	12,185
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(15,219)	(10,594)
Disposals of property, plant and equipment	506	534
Acquisition of business assets, net of cash acquired	(2,464)	—
Purchase of subsidiary stock	(750)	(5,014)
Other	272	134
Net cash flow used for investing activities	(17,655)	(14,940)
FINANCING ACTIVITIES		
Net (decrease) increase in notes payable	(22,113)	618
Net increase (decrease) in revolver and other lines of credit	7,458	(571)
Term debt borrowings	2,856	693
Term debt repayments	(3,331)	(3,510)
Dividend reinvestment and employee benefit and stock plans	8,484	10,910
Cash dividends paid to shareowners	(6,268)	(6,088)
Net cash flow (used for) provided by financing activities	(12,914)	2,052
Effect of exchange rate changes on cash and equivalents	1,510	330
CASH AND EQUIVALENTS		
Net increase (decrease) in cash and equivalents	2,748	(373)
Cash and equivalents, beginning of period	25,940	15,093
Cash and equivalents, end of period	$ 28,688	$ 14,720
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 2,062	$ 2,107
Income taxes paid	3,313	13,697
Contribution of stock to employee defined contribution benefit plans	2,295	1,941
Changes in fair value of interest rate swaps	(8,425)	(7,075)

The accompanying notes are an integral part of these condensed consolidated financial statements.

KENNAMETAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. ORGANIZATION

Kennametal Inc. was incorporated in Pennsylvania in 1943 and maintains its world headquarters in Latrobe, Pennsylvania. Kennametal Inc. and its subsidiaries (collectively, “Kennametal” or the “Company”) is a leading global manufacturer, marketer and distributor of a broad range of cutting tools, tooling systems, supplies and technical services, as well as wear-resistant parts. We believe that our reputation for manufacturing excellence and technological expertise and innovation in our principal products has helped us achieve a leading market presence in our primary markets. We believe we are the second largest global provider of metalcutting tools and tooling systems. End users of our products include metalworking manufacturers and suppliers in the aerospace, automotive, machine tool and farm machinery industries, as well as manufacturers and suppliers in the highway construction, coal mining, quarrying and oil and gas exploration industries. We operate four global business units consisting of Metalworking Solutions & Services Group (MSSG), Advanced Materials Solutions Group (AMSG), J&L Industrial Supply (J&L) and Full Service Supply (FSS), as well as our corporate functional shared services.

2. BASIS OF PRESENTATION

The condensed consolidated financial statements, which include our accounts and those of our majority-owned subsidiaries, should be read in conjunction with the 2004 Annual Report on Form 10-K. The condensed consolidated balance sheet as of June 30, 2004 was derived from the audited balance sheet included in our 2004 Annual Report on Form 10-K. These interim statements are unaudited; however, we believe that all adjustments necessary for a fair statement of the results of the interim periods were made and all adjustments are normal, recurring adjustments. The results for the three months ended September 30, 2004 and 2003 are not necessarily indicative of the results to be expected for a full fiscal year. Unless otherwise specified, any reference to a “year” is to a fiscal year ended June 30. For example, a reference to 2005 is to the fiscal year ending June 30, 2005. When used in this Form 10-Q, unless the context requires otherwise, the terms “we,” “our” and “us” refer to Kennametal Inc. and its subsidiaries.

Certain amounts have been reclassified to conform to current year presentation.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2004, the FASB issued Staff Position No. 106-2, “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003” (FSP 106-2). FSP 106-2 provides guidance on the accounting for the effects of the Act for employers that sponsor postretirement health care plans that provide prescription drug benefits and requires those employers to provide certain disclosures regarding the effect of the federal subsidy provided by the Act. FSP 106-2 is effective for the first interim or annual period beginning after June 15, 2004. See Note 7 for discussion of the adoption of this FSP and required disclosures.

4. STOCK-BASED COMPENSATION

Stock options generally are granted to eligible employees with a stock price equal to fair market value at the date of grant. The fair market value of each option is estimated on the date of grant using the Black-Scholes pricing model. Options are exercisable under specific conditions for up to 10 years from the date of grant. As permitted under the Statement of Financial Accounting Standards (SFAS) No. 123, “Accounting for Stock-Based Compensation” (SFAS No. 123), we have elected to measure compensation expense related to stock options in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” and related interpretations which uses the intrinsic value method. In addition to stock option grants, the Amended and Restated Kennametal Inc. Stock and Incentive Plan of 2002 permits the award of restricted stock to directors, officers and key employees. Expense associated with restricted stock grants is amortized over the vesting period. If compensation expense was determined based on the estimated fair value of options granted, consistent with the methodology in SFAS No. 123 and SFAS No. 148 “Accounting for Stock-Based Compensation – Transition and Disclosure (SFAS No. 148), our 2004 and 2003 net income and earnings per share for the quarter would be reduced to the pro forma amounts indicated below (in thousands, except per share data):

	Quarter Ended September 30,	
	2004	2003
Net income, as reported	$22,720	$ 8,764
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(2,461)	(2,675)
Add: Total stock-based employee compensation expense determined under the intrinsic value based method for all awards, net of related tax effects	962	780
Total pro forma stock-based compensation	$ (1,499)	$(1,895)
Pro forma net income	$21,221	$ 6,869
Basic earnings per share:		
As reported	$ 0.62	$ 0.25
Pro forma	0.58	0.19
Diluted earnings per share:		
As reported	$ 0.61	$ 0.24
Pro forma	0.57	0.19

5. ACQUISITION

The Company acquired all of the outstanding common stock of Conforma Clad Inc. (Conforma Clad) effective March 1, 2004. The Company acquired Conforma Clad to expand its product and solutions offerings in the area of extreme wear environments involving corrosion, erosion and abrasion. Conforma Clad's operating results have been included in our consolidated results since March 1, 2004 and are included in the AMSG segment (see Note 13).

6. DIVESTITURE OF OPERATIONS HELD FOR SALE

During our fiscal third quarter ended March 31, 2004, we completed the sale of the mining and construction business of Kennametal Widia India Limited, which was a part of the AMSG segment, for approximately $14.3 million, subject to a working capital adjustment. The Company received $12.3 million in net proceeds related to the sale of this business. The Company is required to satisfy certain conditions related to the property sold for it to receive the remaining $2.0 million due under the sale agreement. The Company expects to collect the remaining $2.0 million prior to March 31, 2005. Accordingly, the $2.0 million due under the agreement is classified within other current assets in the consolidated balance sheets as of September 30, 2004 and June 30, 2004. In accordance with the terms of the sale agreement, the parties have agreed to submit certain differences of opinion related to the working capital adjustment to binding arbitration for resolution. The purchaser is claiming that a $1.8 million reduction of the purchase price is required. The Company believes the purchaser's claims are without merit. The Company has not provided for this claim in the condensed consolidated financial statements.

7. BENEFIT PLANS

We sponsor several pension plans that cover substantially all employees. Additionally, we provide varying levels of postretirement health care and life insurance benefits to most US employees.

On November 13, 2003, Kennametal announced modifications to certain employee benefits, including a plan amendment for selected participants in the Retirement Income Plan (RIP Plan) and changes to the retiree medical portion of the Other Postemployment Benefits Plan (OPEB Plan). The RIP Plan previously covered the majority of the Company's U.S. workforce. Effective January 1, 2004, no new non-union employees were eligible to participate in the RIP Plan. Benefits under the RIP Plan continued to accrue after December 31, 2003 only for certain employees (Grandfathered Participants). Benefits for all other participants were frozen effective December 31, 2003. The modification of the OPEB Plan eliminates Kennametal's obligation to provide a Company subsidy for employee medical costs for all employees who retire after January 1, 2009.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) was signed into law. The Act introduces a prescription drug benefit under Medicare (Medicare Part D), as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. As of July 1, 2004, the Company has recognized the effects of the Act in the measurement of its Accumulated Postretirement Benefit Obligation (APBO) for certain retiree groups in accordance with FASB Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP 106-2). FSP 106-2 is effective for the first interim or annual period beginning after June 15, 2004.

The increase in prescription drug benefits under Medicare Part D for certain retiree groups and the available employer subsidy for certain retiree groups is recognized as an offset to plan costs. This resulted in a reduction of APBO of $0.8 million at July 1, 2004. The reduction in APBO is included with other deferred actuarial gains and losses. Net periodic postretirement benefit costs for fiscal 2005 and beyond will be adjusted to reflect the lower interest and service costs due to the lower APBO. For other retiree groups, the impact of the potential subsidy benefit is not expected to be material. The Company has not assumed any changes in participation in the OPEB Plan as a result of the Act.

The tables below summarize the components of the net periodic cost of our defined benefit pension and OPEB plans, as amended, during the three months ended September 30, 2004 and 2003 (in thousands):

Defined Benefit Pension Plans	Three Months Ended September 30,	
	2004	2003
Service cost	$ 1,540	$ 4,269
Interest cost	6,374	7,975
Expected return on plan assets	(8,394)	(9,539)
Amortization of transition obligation	—	35
Amortization of prior service cost	155	196
Amortization of actuarial loss	146	402
Total net periodic pension (benefit) cost	$ (179)	$ 3,338

During the quarter ended September 30, 2004, the Company contributed $2.0 million to its various defined benefit pension plans. Contributions to such plans for fiscal 2005 are expected to total approximately $8.0 million. During the quarter ended September 30, 2004, the Company also contributed $2.3 million to its defined contribution plan.

OPEB Plans	Three Months Ended September 30,	
	2004	2003
Service cost	$ 167	$ 375
Interest cost	545	653
Amortization of prior service cost	(887)	102
Amortization of actuarial gain	(226)	(33)
Total net periodic postretirement (benefit) cost	$(401)	$1,097

8. INVENTORIES

Inventories are stated at the lower of cost or market. We use the last-in, first-out (LIFO) method for determining the cost of a significant portion of our U.S. inventories. The cost for the remainder of our inventories is determined under the first-in, first-out (FIFO) or average cost methods. We used the LIFO method of valuing inventories for approximately 42 percent and 41 percent of total inventories at September 30, 2004 and June 30, 2004, respectively. Because inventory valuations under the LIFO method are based on an annual determination of quantities and costs as of June 30 of each year, the interim LIFO valuations are based on our projections of expected year-end inventory levels and costs. Therefore, the interim financial results are subject to any final year-end LIFO inventory adjustments.

Inventories as of the balance sheet dates consisted of the following (in thousands):

	September 30, 2004	June 30, 2004
Finished goods	$271,852	$264,134
Work in process and powder blends	118,180	110,992
Raw materials and supplies	44,243	37,322
Inventory at current cost	434,275	412,448
Less: LIFO valuation	(29,797)	(24,371)
Total inventories	$404,478	$388,077

9. ENVIRONMENTAL MATTERS

We are involved in various environmental cleanup and remediation activities at several of our manufacturing facilities. In addition, we are currently named as a potentially responsible party (PRP) at the Li Tungsten Superfund site in Glen Cove, New York. In December 1999, we recorded a remediation reserve of $3.0 million with respect to our involvement in these matters, which was recorded as a component of operating expense. This represents our best estimate of the undiscounted future obligation based on our evaluations and discussions with outside counsel and independent consultants, and the current facts and circumstances related to these matters. We recorded this liability because certain events occurred, including the identification of other PRPs, an assessment of potential remediation solutions and direction from the government for the remedial action plan that clarified our level of involvement in these matters and our relationship to other PRPs. This led us to conclude that it was probable a liability had been incurred. At September 30, 2004, we have an accrual of $2.8 million remaining relative to this environmental issue. Cash payments made against this accrual during the quarter were immaterial.

In addition to the amount currently reserved, we may be subject to loss contingencies related to these matters estimated to be up to an additional $3.0 million. We believe that such undiscounted unreserved losses are reasonably possible but are not currently considered to be probable of occurrence. The reserved and unreserved liabilities for all environmental concerns could change substantially in the near term due to factors such as the nature and extent of contamination, changes in remedial requirements, technological changes, discovery of new information, the financial strength of other PRPs, the identification of new PRPs and the involvement of and direction taken by government agencies on these matters.

Additionally, we also maintain reserves for other potential environmental issues associated with our domestic operations and a location operated by our German subsidiary. At September 30, 2004, the total of these accruals was $1.0 million and represents anticipated costs associated with the remediation of these issues. Cash payments made against this reserve during the quarter were immaterial.

As a result of the Widia acquisition, we established a separate environmental reserve of $6.2 million. This reserve is used for environmental clean-up and remediation activities at several Widia manufacturing locations. This liability represents our best estimate of the future obligation based on our evaluations and discussions with independent consultants and the current facts and circumstances related to these matters. At September 30, 2004, we have an accrual of $5.5 million remaining relative to this environmental issue. Cash payments of $0.2 million were made against this reserve during the quarter. The reserve increased $0.1 million during the current quarter related to foreign currency translation effects.

KENNAMETAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We maintain a Corporate Environmental, Health and Safety (EH&S) Department, as well as an EH&S Policy Committee, to ensure compliance with environmental regulations and to monitor and oversee remediation activities. In addition, we have established an EH&S administrator at all our global manufacturing facilities. Our financial management team periodically meets with members of the Corporate EH&S Department and the Corporate Legal Department to review and evaluate the status of environmental projects and contingencies. On a quarterly basis, we establish or adjust financial provisions and reserves for environmental contingencies in accordance with SFAS No. 5, "Accounting for Contingencies."

10. EARNINGS PER SHARE

Basic earnings per share is computed using the weighted average number of shares outstanding during the period, while diluted earnings per share is calculated to reflect the potential dilution that occurs related to issuance of capital stock under stock option grants and restricted stock awards. The difference between basic and diluted earnings per share relates solely to the effect of stock options and restricted stock awards.

For purposes of determining the number of diluted shares outstanding, weighted average shares outstanding for basic earnings per share calculations were increased due solely to the dilutive effect of unexercised stock options and restricted stock awards by 989,657 and 652,271 for the three months ended September 30, 2004 and 2003, respectively. Unexercised stock options to purchase our capital stock of 0.4 million and 1.4 million shares for the three months ended September 30, 2004 and 2003, respectively, are not included in the computation of diluted earnings per share because the option exercise price was greater than the average market price, and therefore their inclusion would have been anti-dilutive.

11. COMPREHENSIVE INCOME

Comprehensive income for the three months ended September 30, 2004 and 2003 is as follows (in thousands):

	Three Months Ended September 30,	
	2004	2003
Net income	$22,720	$ 8,764
Unrealized (loss) gain on securities available-for-sale, net of tax	(10)	1,035
Unrealized (loss) gain on derivatives designated and qualified as cash flow hedges, net of tax	(1,295)	24
Reclassification of unrealized loss on matured derivatives, net of tax	263	2,022
Minimum pension liability adjustment, net of tax	(118)	(181)
Foreign currency translation adjustments	8,402	5,379
Comprehensive income	$29,962	$17,043

12. GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amount of goodwill attributable to each segment at September 30, 2004 and June 30, 2004 is as follows (in thousands):

	June 30, 2004	Acquisition	Translation Adjustment	September 30, 2004
MSSG	$223,866	$ 714	$1,278	$225,858
AMSG	220,493	2,261	169	222,923
J&L	39,649	—	—	39,649
FSS	4,707	—	—	4,707
Total	$488,715	$2,975	$1,447	$493,137

During the quarter ended September 30, 2004, we completed three acquisitions of businesses, the effect of which are individually immaterial, in which we had prior investment or business relationships, for a combined purchase price of $3.7 million. These acquisitions resulted in an increase of goodwill of $3.0 million.

The components of our other intangible assets and useful lives are as follows (in thousands):

		September 30, 2004		June 30, 2004	
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Contract based	4 – 15 years	$ 3,799	$(3,470)	$ 3,799	$(3,393)
Technology based and other	4 – 15 years	16,322	(5,478)	16,137	(4,914)
Trademarks	Indefinite	37,660	—	37,150	—
Intangible pension asset and other	Indefinite	4,517	—	4,520	—
Total		$62,298	$(8,948)	$61,606	$(8,307)

13. RESTRUCTURING CHARGES

The Company did not record any restructuring charges in the fiscal quarter ended September 30, 2004.

2003 Facility Consolidation Program In June 2003, we approved a facility consolidation program, resulting in a total restructuring charge of $2.0 million. The plan included the closure of two regional operating centers and the Framingham manufacturing facility and a workforce reduction. All actions pertained to the MSSG segment. All costs associated with the restructuring program have been incurred. The accrual balance as of September 30, 2004 is not material.

2003 Workforce Restructuring Program In October 2002, we announced a global salaried workforce reduction of approximately five percent. All costs associated with the program have been incurred. The accrual balance as of September 30, 2004 is not material.

Widia Integration In addition to the 2003 Workforce Restructuring Program, we implemented two Widia acquisition-related integration programs described below (Kennametal Integration Restructuring Program and the Widia Integration Plan) which together resulted in a global headcount reduction of approximately 760 positions, 385 in Europe and 375 in India. We completed the integration plan in Europe and India and closed six sales offices, three manufacturing facilities and closed or consolidated four warehouses. All costs associated with the integration have been incurred and remaining cash payments for certain lease and severance costs are expected to be substantially complete by June 30, 2005.

KENNAMETAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Kennametal Integration Restructuring Program This program included employee severance costs associated with existing Kennametal facilities. The accrual balance as of September 30, 2004 is not material.

Widia Integration Plan In connection with the acquisition, we have established a Widia integration plan to develop centers of excellence in functional areas and enable long-term growth and competitive advantages. Costs that were incurred under this plan were accounted for under EITF 95-3, “Recognition of Liabilities in Connection with a Purchase Business Combination.” As a result, these costs were recorded as part of the Widia purchase price allocation. The changes in the restructuring accrual are as follows:

(in thousands)	Accrual at June 30, 2004	Cash Expenditures	Translation Adjustment	Accrual at September 30 , 2004
Facility rationalizations	$ 3,589	$ (279)	$ 26	$3,336
Employee severance	7,699	(2,165)	201	5,735
Total	$11,288	$(2,444)	$227	$9,071

14. SEGMENT DATA

We operate four global business units consisting of Metalworking Solutions & Services Group, Advanced Materials Solutions Group, J&L Industrial Supply and Full Service Supply, and Corporate. We do not allocate corporate costs, domestic pension expense, interest expense, other expense, income taxes, or minority interest to the operating segment results presented below. Financial information for Conforma Clad, which was acquired effective March 1, 2004, has been included in AMSG’s financial information below since the acquisition date. Our external sales, intersegment sales and operating income by segment for the three months ended September 30, 2004 and 2003 are as follows (in thousands):

	Three Months Ended September 30,	
	2004	2003
External sales:		
MSSG	$315,870	$271,129
AMSG	117,886	93,631
J&L	61,417	48,139
FSS	36,263	31,676
Total external sales	$531,436	$444,575
Intersegment sales:		
MSSG	$ 40,908	$ 30,015
AMSG	9,344	7,172
J&L	453	323
FSS	836	600
Total intersegment sales	$ 51,541	$ 38,110
Total sales:		
MSSG	$356,778	$301,144
AMSG	127,230	100,803
J&L	61,870	48,462
FSS	37,099	32,276
Total sales	$582,977	$482,685

KENNAMETAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Operating income (loss):		
MSSG	$ 38,872	$ 23,502
AMSG	14,533	11,822
J&L	5,721	2,685
FSS	120	(281)
Corporate	(17,337)	(15,880)
Total operating income	$ 41,909	$ 21,848

15. SUBSEQUENT EVENT

On October 29, 2004 we entered into a five-year, multi-currency, revolving credit facility with a group of financial institutions (2004 Credit Agreement), which amends, restates and replaces our 2002 Credit Agreement. The 2004 Credit Agreement permits revolving credit loans of up to $500 million for working capital, capital expenditures and general corporate purposes. Interest payable under the 2004 Credit Agreement is based upon the type of borrowing under the facility and the available interest rates include (1) LIBOR plus an applicable margin, (2) the greater of the prime rate and the Federal Funds effective rate plus 0.50% or (3) a fixed rate as negotiated by the Company. The 2004 Credit Agreement contains various restrictive and affirmative covenants including some requiring the maintenance of certain financial ratios. The financial covenants contained in the 2004 Credit Agreement include: a maximum leverage ratio and a minimum consolidated interest coverage ratio (as those terms are defined in this agreement). Borrowings under the 2004 Credit Agreement continue to be guaranteed by our significant domestic subsidiaries.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

Diluted earnings per share for the quarter ended September 30, 2004 were $0.61, an increase of $0.37 from prior year diluted earnings per share of $0.24. Earnings benefited from a robust manufacturing environment, the introduction of new products, market share gains, the effect of prior year acquisitions, better pricing, increased capacity utilization and favorable foreign currency effects. These benefits were partially offset by increased raw material costs, increased employment costs and a higher tax rate in the current quarter.

Metalworking Solutions and Services Group (MSSG) delivered growth in every business and in every geography. External sales increased $44.7 million or 16.5 percent to $315.9 million from $271.1 million in prior year. This growth was achieved through the introduction of new products, growth in milling products and hole making products, and continued growth of Widia products in the Americas.

Advanced Materials Solutions Group (AMSG) also delivered growth across its businesses. External sales increased $24.3 million or 25.9 percent to $117.9 million from $93.6 million in prior year. Mining and construction product sales increased due to market share gains, the introduction of new products, and improvements in the market environment. Engineered product sales increased due to new market penetration and leverage of improved markets in the U.S. AMSG profits continued to be challenged by increases in raw material costs such as tungsten and steel.

J&L Industrial Supplies (J&L) experienced external sales growth of $13.3 million or 27.6 percent from $48.1 million in prior year to $61.4 million. This increase was largely due to increased sales to existing customers, consistent with the increase in global manufacturing activity.

Full Service Supply (FSS) external sales increased $4.6 million or 14.5 percent from $31.7 million in prior year to $36.3 million. This increase is associated with organic sales growth.

SALES

Sales for the quarter ended September 30, 2004 were $531.4 million, an increase of $86.8 million or 19.5 percent from $444.6 million in the prior year. The increase in sales is primarily attributed to 15 percent in organic growth, favorable foreign currency effects of 3 percent and 2 percent from acquisitions. The increase in organic sales is attributed to economic expansion in the manufacturing sector, coupled with the introduction of new products and further penetration in several markets.

GROSS PROFIT

Gross profit for the quarter ended September 30, 2004 increased $29.3 million, or 20.3 percent, to $173.4 million. The increase in gross profit is primarily due to increased sales volume, which positively impacted gross profit by $29.2 million. Favorable foreign currency effects totaling $6.5 million, coupled with improved price realization and greater capacity utilization, positively impacted gross profit during the quarter. Such benefits were partially offset by higher raw material costs of approximately $7.5 million during the quarter. We believe our raw material costs will continue to increase during the current fiscal year as certain steel contracts expire and new terms are negotiated. Such cost increases are expected to be mitigated by further production efficiencies and increased product pricing to be implemented throughout fiscal 2005.

Gross profit margin for the quarter ended September 30, 2004 increased from 32.4 percent last year to 32.6 percent in the current quarter. The gross profit margin benefited 0.4 percent from favorable foreign currency effects, as well as improved price realization and greater capacity utilization. Such benefits were partially offset by a 1.4 percent unfavorable effect from higher raw material prices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

OPERATING EXPENSE

Operating expenses for the quarter ended September 30, 2004 were $131.0 million, an increase of $9.8 million, or 8.0 percent, compared to $121.2 million of a year ago. The increase in operating expense is attributed to $6.0 million related to increased employment costs and unfavorable foreign currency effects of $3.1 million.

RESTRUCTURING CHARGES

The Company did not record any restructuring charges in the fiscal quarter ended September 30, 2004.

The Company recorded $0.5 million of restructuring charges in the fiscal quarter ended September 30, 2003. These charges related to the 2003 Workforce Restructuring Program and the Kennametal Integration Plan.

See discussion of cash expenditures for the quarter ended September 30, 2004 related to our restructuring programs in the Liquidity and Capital Resources section of Item 2.

INTEREST EXPENSE

Interest expense for the quarter ended September 30, 2004 declined to $6.5 million from $6.6 million a year ago. The decrease in interest expense is due to total debt, including capital leases and notes payable, declining from $520.1 million at September 30, 2003 to $435.4 million at September 30, 2004. This decrease is offset by an increase in the average domestic borrowing rate for the quarter to 4.6 percent in 2004 from 4.3 percent in 2003.

OTHER (INCOME) EXPENSE, NET

Other income for the quarter ended September 30, 2004 is $1.6 million compared to other expense of $1.3 million in prior year. The fluctuation is primarily attributable to favorable foreign currency effects of $2.9 million.

INCOME TAXES

The effective tax rate for the quarter ended September 30, 2004 is 36.0 percent versus 32.0 percent for the comparable period a year ago. The effective tax rate for the current quarter increased over last year's effective tax rate due primarily to an unfavorable change in German tax law.

The Company is currently evaluating a business strategy related to our international operations that is expected to partially mitigate the impact of the change in the German tax law noted above. Execution of this business strategy is expected to result in a release of approximately $22.0 million in valuation allowances related to certain German net operating losses. Approximately $17.0 million of the allowance release would be recorded against goodwill, with the balance being recorded as a discrete reduction to income tax expense. The Company currently expects the valuation allowance release to occur during the second quarter of fiscal 2005. There can be no assurance that this business strategy will be completely effective, if implemented.

On October 22, 2004, the American Jobs Creation Act of 2004 was enacted. The Company is currently evaluating what effect this legislation will have on its effective tax rate.

The Company continues to review our international tax planning initiatives in an effort to optimize its overall global effective tax rate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

NET INCOME

Net income for the quarter ended September 30, 2004 was $22.7 million, or $0.61 per diluted share, compared to $8.8 million, or $0.24 per diluted share, in the same quarter last year. The increase in earnings is primarily attributable to organic sales growth, better pricing, increased capacity utilization, a reduction in restructuring charges and favorable foreign currency translation. These improvements were offset in part by higher raw material costs, unfavorable product mix shifts, and increased employment costs in the current quarter.

BUSINESS SEGMENT REVIEW

Our operations are organized into four global business units consisting of MSSG, AMSG, J&L and FSS, and Corporate. The presentation of segment information reflects the manner in which we organize segments for making operating decisions and assessing performance.

METALWORKING SOLUTIONS & SERVICES GROUP

	Three Months Ended September 30,	
(in thousands)	**2004**	**2003**
External sales	$315,870	$271,129
Intersegment sales	40,908	30,015
Operating income	38,872	23,502

MSSG external sales increased 16.5 percent or $44.7 million to $315.6 million from $271.1 million in the September 2003 quarter. The increase in sales is attributed to $34.7 million in organic sales growth and $10.0 million of favorable foreign currency effects. The increase in sales was driven primarily by improvements in North America, Europe and our Industrial Products Group, which were up 16.3 percent, 13.1 percent and 21.2 percent, respectively.

Operating income of $38.9 million increased 65.4 percent or $15.4 million from $23.5 million last year. Operating income was leveraged as a result of organic sales growth, coupled with a reduction in restructuring and integration costs of $4.9 million and favorable foreign currency effects. These benefits were partially offset by an increase in raw material costs, unfavorable product mix shifts and higher employment costs.

ADVANCED MATERIALS SOLUTIONS GROUP

	Three Months Ended September 30,	
(in thousands)	**2004**	**2003**
External sales	$117,886	$93,631
Intersegment sales	9,344	7,172
Operating income	14,533	11,822

AMSG external sales increased 25.9 percent or $24.3 million from the quarter ended September 30, 2003. The increase in sales is attributed to overall growth across all product divisions, including the addition of Conforma Clad, and favorable foreign currency effects in the current quarter of $2.2 million. In addition to Conforma Clad, the increase in sales was achieved primarily in mining and construction products and engineered products, which were up 16.0 percent and 28.3 percent, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Operating income was $14.5 million, an increase of $2.7 million, over the prior year. The increase is attributed to sales growth, including the addition of Conforma Clad, favorable foreign currency effects, and a reduction in restructuring costs. These benefits were partially offset by an increase in raw material costs.

J&L INDUSTRIAL SUPPLY

(in thousands)	Three Months Ended September 30, 2004	2003
External sales	$61,417	$48,139
Intersegment sales	453	323
Operating income	5,721	2,685

J&L external sales increased $13.3 million or 27.6 percent compared to the quarter ended September 30, 2003. The increase in sales is attributable to organic growth of $12.6 million and favorable foreign exchange currency effects of $0.7 million. Operating income was $5.7 million compared to $2.7 million in the prior year. The increase in operating income is a result of the improvement in sales growth, coupled with cost containment, and favorable currency effects.

FULL SERVICE SUPPLY

(in thousands)	Three Months Ended September 30, 2004	2003
External sales	$36,263	$31,676
Intersegment sales	836	600
Operating income (expense)	120	(281)

FSS external sales increased $4.6 million or 14.5 percent compared to the prior year quarter. The increase in sales is primarily associated with organic growth. Operating income improved to $0.1 million in the current quarter on the improved sales volume.

CORPORATE

(in thousands)	Three Months Ended September 30, 2004	2003
Operating expense	$(17,337)	$(15,880)

Corporate represents corporate shared service costs, certain employee benefit costs and eliminations of operating results between segments. For the three months ended September 30, 2004, the operating expense increased $1.5 million or 9.2 percent compared to the prior year quarter. The increase is attributed to an increase in employment expenses.

DISCUSSION OF CRITICAL ACCOUNTING POLICIES

There have been no material changes to our critical accounting policies since June 30, 2004.

LIQUIDITY AND CAPITAL RESOURCES

Our cash flow from operations is the primary source of financing for capital expenditures and internal growth. During the three months ended September 30, 2004, we generated $31.8 million in cash flows from operations, an increase of $19.6 million from $12.2 million a year-ago. Cash flows provided by operations for the quarter ended September 30, 2004 consists of net income and non-cash items of $43.5 million partially offset by changes in certain assets and liabilities of $11.7 million. The most significant component of this change was an increase in inventory of $13.0 million resulting from the increase in sales. Cash flows provided by operations for the quarter ended September 30, 2003 consisted of net income and non-cash items of $30.6 million offset by changes in certain assets and liabilities of $18.4 million. The most significant component of this change was a decrease in accounts payable and accrued liabilities of $18.6 million. Net payments for income taxes decreased $10.4 million from prior year.

Net cash used for investing activities was $17.6 million, an increase of $2.7 million from $14.9 million in the year-ago period. During the first quarter of fiscal 2005, cash used for investing activities includes $15.2 million of purchases of property, plant and equipment, $2.5 million of acquisitions, and $0.8 million of purchases of subsidiary stock. During the prior year quarter, cash used for investing activities included $10.6 million of purchases of property, plant and equipment and $5.0 million of purchases of subsidiary stock. We have projected our capital expenditures for 2005 to be $70 to $80 million and to be primarily used to support new strategic initiatives, new products and to upgrade machinery and equipment. We believe this level of capital spending is sufficient to maintain competitiveness and improve productivity.

Net cash used for financing activities was $12.9 million compared to cash provided by financing activities of $2.1 million in the same period last year. During the first quarter of 2005, cash used for financing activities includes a $22.1 million net decrease in notes payable, $7.5 million increase in revolver and other lines of credit, $8.5 million of dividend reinvestment and quarterly activity related to employee benefit and stock plans, and cash dividends paid to shareowners of $6.3 million. During the prior year quarter, cash provided by financing activities included term debt payments of $3.5 million, $10.9 million of dividend reinvestment and quarterly activity related to employee benefit and stock plans, and cash dividends paid to shareowners of $6.1 million. As of September 30, 2004, we were in compliance with all debt covenants.

During the quarter ended September 30, 2004, cash expenditures related to our restructuring programs discussed in Note 13 were $2.7 million. The remaining cash payments for certain lease and severance costs of approximately $10.0 million are expected to be substantially complete by June 30, 2005.

There have been no material changes in our contractual obligations and commitments since June 30, 2004.

On October 29, 2004 we entered into a five-year, multi-currency, revolving credit facility with a group of financial institutions (2004 Credit Agreement), which amends, restates and replaces our 2002 Credit Agreement. The 2004 Credit Agreement permits revolving credit loans of up to $500 million for working capital, capital expenditures and general corporate purposes. This transaction contains significant improvements in terms and conditions relative to the 2002 Credit Agreement reflecting Kennametal's improved credit profile and stronger bank market conditions. Interest payable under the 2004 Credit Agreement is based upon the type of borrowing under the facility and the available interest rates include (1) LIBOR plus an applicable margin, (2) the greater of the prime rate and the Federal Funds effective rate plus 0.50% or (3) a fixed rate as negotiated by the Company. The 2004 Credit Agreement contains various restrictive and affirmative covenants including some requiring the maintenance of certain financial ratios. The financial covenants contained in the 2004 Credit Agreement include: a maximum leverage ratio and a minimum consolidated interest coverage ratio (as those terms are defined in this agreement). Borrowings under the 2004 Credit Agreement continue to be guaranteed by our significant subsidiaries.

OFF-BALANCE SHEET ARRANGEMENTS

On July 3, 2003, the Company entered into a new three-year securitization program ("2003 Securitization Program"), which permitted us to securitize up to $100.0 million of accounts receivable. The 2003 Securitization Program was amended on September 19, 2003, permitting the Company to securitize up to $125 million of accounts receivable. The 2003 Securitization Program provides for a co-purchase arrangement with two financial institutions that participate in the purchase of the Company's accounts receivable. As of September 30, 2004, the Company had securitized $115.3 million in accounts receivable.

FINANCIAL CONDITION

Total assets were $1,970.0 million at September 30, 2004, compared to $1,938.7 million at June 30, 2004. Working capital increased $29.1 million to $336.7 million at September 30, 2004 from $307.6 million at June 30, 2004. Working capital increased due to increases in accounts receivable of $6.5 million and inventories of $16.4 million related to increased sales, and a reduction in notes payable of $22.1 million, offset by an increase in the current maturities of long-term debt and capital leases of $11.7 million and an increase in accrued income taxes of $9.1 million. Total liabilities declined $7.1 million from June 30, 2004 to $1,028.2 million, primarily due to a reduction in notes payable. Shareowners' equity increased $37.3 million to $924.4 million primarily as a result of net income of $22.7 million and the effect of employee benefit and stock plans of $14.1 million.

Total debt, including notes payable and capital leases, decreased from $440.2 million at June 30, 2004 to $435.4 million at September 30, 2004. The decrease in total debt is related to net operating cash flow after investing activities being utilized to reduce total debt.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have experienced certain changes in our exposure to market risk from June 30, 2004.

The fair value of our interest rate swap agreements was an asset of $0.2 million as of September 30, 2004 compared to a liability of $8.2 million as of June 30, 2004. The offset to this asset or liability is a corresponding increase or decrease, respectively, to long-term debt, as the instruments are accounted for as a hedge of our long-term debt. The $8.4 million increase in the recorded value of these agreements was non-cash and was the result of marking these instruments to market.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this quarterly report on Form 10-Q, the Company’s management evaluated, with the participation of the company’s Chief Executive Officer and Chief Financial Officer, the effectiveness of the company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). The Company’s disclosure controls were designed to provide a reasonable assurance that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. However, the controls have been designed to provide reasonable assurance of achieving the controls’ stated goals. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective at the reasonable assurance level. There were no changes in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Shareowners on October 26, 2004, our shareowners voted on the election of two directors, the approval of an amendment to the Kennametal Inc. Stock and Incentive Plan of 2002 (2002 Plan), and the ratification of the selection of the independent registered public accounting firm. Of the 32,984,447 shares present in person or by proxy, the following is the number of shares voted in favor of, abstained or voted against each matter and the number of shares having authority to vote on each matter but withheld.

1. With respect to the votes cast for the re-election of two directors whose terms expire in 2007:

	For	Withheld
A. Peter Held	31,786,204	1,198,242
Larry D. Yost	30,382,886	2,601,560

The following other directors' terms of office continued after the meeting: Peter B. Bartlett, Ronald M. DeFeo, Kathleen J. Hempel, Lawrence W. Stranghoener, Markos I. Tambakeras and William R. Newlin.

2. With respect to the votes cast for approval to increase the aggregate number of shares available for issuance under the 2002 Plan from 1,750,000 to 3,750,000:

	For	Against	Abstained
2002 Plan Amendment	23,397,439	6,826,372	61,363

3. With respect to the ratification of the selection of the firm of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2005:

	For	Against	Abstained
PricewaterhouseCoopers LLP	32,347,779	596,791	39,876

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ITEM 6.	EXHIBITS	
(4)	Instruments defining the rights of security holders, including indentures	
(4.1)	First Amendment to Rights Agreement, made and entered into as of October 6, 2004, by and between the registrant and Mellon Investor Services LLC	Exhibit 4.1 of the October 6, 2004 Form 8-K is incorporated herein by reference.
(10)	Material Contracts	
(10.1)	Kennametal Inc. Stock and Incentive Plan of 2002 (as amended on October 26, 2004)	Exhibit 10.1 of the October 26, 2004 Form 8-K is incorporated herein by reference.
(10.2)	Amended and Restated Credit Agreement dated as of October 29, 2004 among Kennametal Inc., Bank of American, N.A. (as Administrative Agent); Keybank National Association and National City Bank of Pennsylvania (as Co-Syndication Agents); PNC Bank, National Association and JP Morgan Chase Bank (as Co-Documentation Agents); and several lenders from time to time parties thereto.	Exhibit 10.1 of the October 29, 2004 Form 8-K is incorporated herein by reference.
(10.3)	Kennametal Inc. Supplemental Executive Retirement Plan (as amended January 1, 2004)	Filed herewith.
(31)	Rule 13a-14a/15d-14(a) Certifications	
(31.1)	Certification executed by Markos I. Tambakeras, Chief Executive Officer of Kennametal Inc.	Filed herewith.
(31.2)	Certification executed by F. Nicholas Grasberger III, Chief Financial Officer of Kennametal Inc.	Filed herewith.
(32)	Section 1350 Certifications	
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Markos I. Tambakeras, Chief Executive Officer of Kennametal Inc., and F. Nicholas Grasberger III, Chief Financial Officer of Kennametal Inc.	Filed herewith.

SIGNATURES

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

KENNAMETAL INC.

Date: November 9, 2004	By:	/s/ Timothy A. Hibbard
		Timothy A. Hibbard Corporate Controller and Chief Accounting Officer

Exhibit 10.3

KENNAMETAL INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
(As Amended, January 1, 2004)

Section 1. Purpose and Effective Date.

1.1 The purpose of this Supplemental Executive Retirement Plan is to ensure the payment of a competitive level of retirement income, in order to attract, retain, and motivate selected executives. The Plan is also intended to provide eligible executives with a retirement benefit that cannot be paid from the Company's qualified Retirement Income Plan, due to various limitations of the United States Internal Revenue Code.

1.2 This Plan was previously amended and adopted, effective April 21, 1995; was later amended and adopted, effective July 26, 1999; and was most recently amended and adopted, effective as of January 1, 2004. It will be effective for each participant on the date he or she is designated as a Participant and executes an Employment Agreement.

1.3 The terms of this Plan are applicable only to eligible executives who are employed by the Company on or after April 21, 1995. Any executive who retired or otherwise terminated employment prior to such date, shall not be eligible to be designated a Participant under this Plan unless he or she returns to service with the Company on or after April 21, 1995.

Section II. Definitions.

2.1 **Board of Directors** means the Directors of the Company.

2.2 **Bonus Award** means the annual cash award, if any, received by a Participant under the provisions of the Kennametal Inc. Management Performance Bonus Plan of any given fiscal year. Only an award generated by successful attainment of the Bonus Plan's business objectives shall be considered a "Bonus Award" for the purposes of this Plan, provided that a Bonus Plan award of $0.00 to the Participant for a given fiscal year shall be taken into account for purposes of this Plan. No other kind of bonus award or grant will qualify as a "Bonus Award" for purposes of this Plan.

2.3 **Change in Control** shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A promulgated under the Securities Exchange Act of 1934 as in effect on the date hereof ("1934 Act"), or if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the 1934 Act which serve similar purposes; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) Kennametal shall be merged or consolidated with any corporation or other entity other than a merger or consolidation with a corporation or other entity all of whose equity interests are owned by

Kennametal immediately prior to the merger or consolidation, or (ii) Kennametal shall sell all or substantially all of its operating properties and assets to another person, group of associated persons, or corporation; or (iii) any “person” (as such term is used in Sections 13(d) and 14(d) of the 1934 Act), is or becomes a beneficial owner, directly or indirectly, of securities of Kennametal representing 25% or more of the combined voting power of Kennametal’s then outstanding securities coupled with or followed by the existence of a majority of the board of directors of Kennametal consisting of persons other than persons who either were directors of Kennametal immediately prior to or were nominated by those persons who were directors of Kennametal immediately prior to such person becoming a beneficial owner, directly or indirectly, of securities of Kennametal representing 25% or more of the combined voting power of Kennametal’s then outstanding securities.

2.4 **Code** means the Internal Revenue Code of 1986, as amended from time to time. References in the Plan to a Code Section shall be deemed to refer to any successor provision of the Code, as appropriate.

2.5 **Committee** means the Board of Directors Committee on Executive Compensation, designated by the Board of Directors to administer the plan.

2.6 **Company** means Kennametal Inc., a Pennsylvania corporation, or any successor bound by this Plan pursuant to Section 8.5.

2.7 **Disability** means such incapacity due to physical or mental illness or injury, as causes the Participant to be absent from his principal office at Kennametal’s offices for the entire portion of 180 consecutive business days.

2.8 **Employee** means an employee of the Employer.

2.9 **Employer** means the Company and any subsidiary or affiliate of the Company whose employees participate in the Plan.

2.10 **Employment Agreement** means an agreement between an Employer and an Employee, which sets forth terms and conditions of employment and specifically refers to this Plan.

2.11 **Final Base Salary** means the Participant’s monthly base salary rate, before any pre-tax reductions pursuant to the Participant’s elections under IRC § § 125 or 402(e)(3), for the calendar month in which Participant’s Termination of Employment occurs, without regard to any limitations on compensation under the Code, including those under IRC § 401(a)(17).

2.12 **IRC** means the Code.

2.13 **Normal Retirement** means the first day of the month following the day on which the Employee reaches the age of sixty-five (65).

2.14 **Participant** means any Employee of an Employer who is entitled to participate in the Plan in accordance with Section III. Where the context so indicates, “Participant” shall also include a retired or deceased Participant with respect to whom a SERP Benefit is payable.

2.15 **Plan** means the Company’s Supplemental Executive Retirement Plan (SERP), as set forth herein and as amended and restated from time to time.

2.16 **Primary Social Security Benefit** means the monthly benefit, as provided by the Federal Social Security Act, to which the Participant would be entitled at age 65, based upon the assumption that such Participant will continue to receive until reaching age 65 monthly earnings at the same rate as he or she received such monthly earnings at the time of retirement, termination of employment or death. (Note: This definition is identical to that used under the Retirement Income Plan.)

2.17 **Retirement Income Plan** means the funded, tax-qualified Kennametal Inc. Retirement Income Plan, as it may be amended and restated, from time to time.

2.18 **Retirement Income Plan Benefit** means either (a) the monthly benefit that would be payable as a single life annuity under the Retirement Income Plan commencing upon a retirement at age 65, based on credited service and average earnings as of the Participant’s termination of service, calculated pursuant to the terms and provisions of the Retirement Income Plan as such terms and provisions literally apply to the Participant because the Participant is an active participant (accruing additional benefits) in the Retirement Income Plan up to his or her termination of service and will in fact be eligible to receive benefits reflecting credited service and average earnings determined to his or her termination of service; or (b) but for the amendment to the Retirement Income Plan effective December 31, 2003 that excluded such Participant from further active participation in such plan after such date, or in the case of a Participant first hired after December 31, 2003, excluded such Participant from any active participation in such plan, the monthly benefit that would be payable as a single life annuity under the Retirement Income Plan commencing upon a retirement at age 65, based on credited service and average earnings as of the Participant’s termination of service calculated pursuant to the terms and provisions of the Retirement Income Plan (other than vesting provisions) as such terms and provisions theoretically would have applied to the Participant if the Participant had not been excluded from active participation, or from further active participation, in the plan, but had instead been an active participant (accruing benefits) in the Retirement Income Plan up to his or her termination of service, based on his or her credited service and average earnings to such termination of service. That is, the Retirement Income Plan Benefit determined hereunder is either (a) the actual benefit that a Participant is eligible to receive under such plan because he or she is active participant in the Retirement Income Plan at termination of service, or (b) the theoretical benefit the Participant would have been eligible to receive had he or she been eligible to be an active participant in the Retirement

Income Plan up to termination of service (determined without regard to the vesting provisions of the Retirement Income Plan).

2.19 **SERP Benefit** means the benefit, calculated pursuant to Section V and Appendix A, that is payable to a Participant under the Plan.

2.20 **Surviving Spouse** means the individual to whom the Participant is legally married at the time of his or her death.

2.21 **Target Retirement Income** means the monthly amount determined as the "applicable percentage" of the total of (a) the Participant's Final Base Salary plus (b) 1/36th of the sum of the Participant's last three Bonus Awards. For this purpose, the applicable percentage is 60% at 30 Years of Service, plus or minus 1% for each Year of Service greater than or less than thirty.

2.22 **Year of Service** means each full twelve-month period beyond Employee's most recent hire date, as determined pursuant to the Company's regular personnel records and policies. (Note: This definition is not intended to be coextensive with the definition of "Credited Service" as used in the Retirement Income Plan.)

Section III. Eligibility.

3.1 Each officer or key executive Employee of the Company approved by the Committee, in its sole discretion, shall be eligible to participate in the Plan. In the case of an officer, such participation shall be effective upon the officer's prompt execution of an Employment Agreement.

3.2 Any officer or key executive who becomes a Participant shall continue to be a Participant until his or her termination of employment, or until a date prior to such time, as determined by the Committee, in its sole discretion.

Section IV. Vesting.

4.1 A Participant shall become vested and entitled to receive a benefit under the Plan, determined in accordance with Section V, only in accordance with the following schedule:

Age of Participant at Termination	Cumulative Vested Plan Benefit
Less than age 56	0%
56	20%
57	40%
58	60%
59	80%
60 or older	100%

Notwithstanding the foregoing, a Participant who voluntarily leaves employment, without Employer's permission, or is involuntarily terminated, with cause, prior to entitlement to receive a benefit pursuant to Section 6.1, shall forfeit any entitlement to a benefit under the Plan. In the event that Participant shall voluntarily or involuntarily leave the employ of the Company before his or her retirement date, including involuntary termination of employment because of death or disability, and the Participant is not vested as to any portion of the SERP Benefit, the obligations of the Company under Section 6 and 7 of the Plan shall be null and void, and neither the Participant nor any other person shall in any way be entitled to any payments hereunder.

4.2 Notwithstanding Section 4.1, each Participant's Plan benefit automatically shall become 100% vested upon a Change in Control of the Company.

Section V. Amount of Benefit

5.1 The amount of each Participant's SERP Benefit shall initially be calculated as the excess of the Target Retirement Income over the sum of the Participant's Retirement Income Plan Benefit plus the Participant's Primary Social Security Benefit.

5.2 The Target Retirement Income, the Retirement Income Plan Benefit, and the Social Security Benefit, shall be calculated according to the methodology described in Appendix A.

5.3 The Committee shall cause the formula calculation described in Section 5.1 to be done annually, or as otherwise required, for each Participant. The Committee shall then be advised of the SERP Benefit amount for each Participant, and shall direct that an official list of Participants and their accrued SERP Benefit be prepared, which shall govern the payment of a benefit under the Plan, pursuant to Section VI, until the next annual review and redetermination of a SERP Benefit amount.

Section VI. Payment of Benefit.

6.1 Payment of the Participant's SERP Benefit shall commence on the first day of the month following the month in which the Participant's employment with the Company terminates due to (1) Normal Retirement from employment with the Company, (2) retirement from employment with the Company on any date prior to Normal Retirement that has the prior approval of the Company's Board of Directors, (3) termination of employment prior to Normal Retirement as a result of Disability, or (4) retirement from employment with the Company following a Change In Control, unless the Participant requests a later payment commencement date.

6.2 A Participant's Plan benefit shall be paid in equal monthly installments, in the form of a single life annuity with no death or other survivor benefit other than those described in Section VII.

Section VII. Surviving Spouse and other Death Benefit.

7.1. In the event of the death of a Participant prior to the commencement of payment of a Plan benefit to the Participant, an amount equal to 50% of the amount of the benefit calculated in accordance with the vesting provisions of Section IV and the amount of the benefit of Section V which would otherwise have been payable to the Participant, will instead be payable to the Participant's Surviving Spouse. Payments to such Surviving Spouse shall be made from the month following the month in which the death of the Participant occurred until the death of the Surviving Spouse.

7.2. In the event of the death of a Participant after the commencement of payment of a Plan benefit to the Participant, an amount equal to 50% of the amount of the Plan benefit then being paid to the Participant will instead be payable to the Participant's Surviving Spouse. Payments to such Surviving Spouse shall be made from the month following the month in which the death of the Participant occurred, until the death of the Surviving Spouse.

7.3. If the Surviving Spouse is five (5) or more years younger than the Participant, the monthly payment to the Surviving Spouse pursuant to paragraphs 7.1 and 7.2 shall be actuarially adjusted, so that it has the same present actuarial value as the full 50% payment to a hypothetical Surviving Spouse who is less than five (5) years younger than the Participant. For this purpose, the Committee shall use a life expectancy factor derived from the definition of "Actuarial Equivalent" under the Retirement Income Plan as in effect as of the date of the calculation. Effective as of January 1, 2004, the basis of Actuarial Equivalence under the Retirement Income Plan is the 1983 Group Annuity Mortality Table for Males, using 0%, with the Participant's age set back two years and the Surviving Spouse's age set back four years. The life expectancy factors derived therefrom are set forth in Appendix B of the Plan. The foregoing actuarial adjustment shall be effected by dividing the life expectancy factor for the hypothetical Surviving Spouse by the life expectancy for the Surviving Spouse (calculated to four decimals). The quotient obtained shall be multiplied by the Surviving Spouse's 50% benefit pursuant to paragraphs 7.1 and 7.2. An example of the method of actuarial adjustment is shown in Appendix C of the Plan.

7.4. In the event that the Participant and/or his or her Surviving Spouse shall have been entitled to payments under Sections 6 and 7 of the Plan, and upon the death of the Surviving Spouse, the aggregate amount of the cumulative payments of the SERP Benefit shall have been less than $50,000, the Company shall pay a lump sum amount, equal to $50,000 less the aggregate amount of the cumulative payments of the SERP Benefit already made, in the following order of preference: (1) to the person designated by the Participant in a written notice filed with the Committee, or, if the Participant has no such notice on file, or the person(s) designated in such notice do(es) not exist at the relevant time, then (2) to the executor or administrator of the Participant's estate.

Section VIII. Miscellaneous Provisions.

8.1 **Administration.** The Committee shall be responsible for all facets of interpretation and administration of the Plan. The Committee may adopt rules and regulations to assist it in the administration of the Plan. The Board of Directors has also delegated to the Committee the right to modify provisions of the Plan in individual cases.

8.2 **Non-Competition.** Receipt of the SERP Benefit is expressly conditioned upon the non-competition of the retired Participant with the Company, for so long as any payments are being made hereunder. Accordingly, unless the Participant first secures the written consent of the Board of Directors or the Committee, he shall not directly or indirectly, as an officer, director, employee, consultant, agent, partner, joint venturer, proprietor, or other, engage in or assist any business which is or may become in direct or indirect competition with the Company or any of its subsidiaries, other than as a mere investor holding not more than one percent of the equity interest of any such competing enterprise. In the event that the Committee makes a good-faith determination that a Participant receiving a SERP Benefit is or may be violating the non-competition provisions hereof, it shall immediately notify him or her of such finding in writing and afford him or her a reasonable opportunity (a period of not less than sixty days) to rebut such finding, or to desist from such competitive activity. In the event that the Committee believes that a violation of the non-competition provision continues uncorrected following the sixty-day period, it may then cease making SERP Benefit payments, and the retired Participant (and any Spouse or other beneficiary claiming through the Participant) shall forfeit any right to future payment of a SERP Benefit under the Plan.

8.3 **Source of Benefit Payments.** This Plan is intended to be an unfunded plan of deferred compensation for a select group of management or highly compensated individuals, and it is intended that a SERP Benefit payable hereunder will be paid from the general assets of the Company. However, in the event of a Change in Control, amounts payable to a Participant or the Surviving Spouse or estate, under Sections 6 and 7 of the Plan, may be provided for in accordance with an Executive Deferred Compensation Trust (a so-called “Rabbi” trust) between the Company and a trustee. The Company shall inform the Participant of the identity of the trustee upon the Participant’s request.

8.4 **Non-Assignment, Alienation.** Nothing in this Plan gives a Participant or any person claiming payments for or through him or her, any right, title, or interest in any asset held in the Company, prior to the payment thereof, and that the right of a Participant to any payment hereunder is strictly contractual and unsecured, unless a Change in Control causes the funding of the Plan in the Company’s Executive Deferred Compensation Trust. In addition, the benefit to be paid hereunder may not be voluntarily or involuntarily sold, transferred, assigned, alienated, or encumbered, and any such attempt shall be void.

8.5 **Obligation of Successors.** This Plan shall be binding upon the Company or any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise), to all or substantially all of the business and/or assets of the Company, or to any assignee thereof. To the extent that the Company must take additional contractual or other steps to make the Plan an enforceable contractual obligation of a successor (e.g., a purchaser of assets), the Company shall take such steps. This Plan and all rights of the Participant hereunder shall inure to the benefit of and be enforceable by the Participant or the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

8.6 **Amendment, Termination.** This Plan may be amended or terminated at any time by action of the Board of Directors, provided that no such amendment or termination shall reduce or eliminate the right of a Participant to the payment of a Plan benefit earned prior to such amendment or termination.

8.7 **Withholding.** The Company may provide for the withholding, from any benefit payable under this Plan, all Federal, state, city, or other taxes as shall be appropriate pursuant to any law or governmental regulation or ruling, and may delay the payment of any benefit until the Participant or beneficiary provides payment to the Company of all applicable withholding taxes.

8.8 **Miscellaneous.** This Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, to the extent not governed by federal law. Section headings are for convenience of reference only, and shall not affect the construction or interpretation of any of the provisions hereof.

APPENDIX A

- w Calculation begins with current monthly base salary and years of service, up to the present date.

- w *Target Retirement Income* equals a percent of (a) Final Base Salary plus (b) the monthly average (i.e., 1/36) of the sum of the last three Bonus Awards. The percentage is calculated as 60% for 30 years of service, plus or minus 1% for each year of service greater than or less than thirty. For example:

Years of Service	Retirement Target
Newly hired	30%
5	35%
10	40%
15	45%
20	50%
25	55%
30	**60%**
35	65%
40	70%
45	75%

- w Calculate the *Retirement Income Plan Benefit*, based on current years of service and pensionable earnings, to date, and including current statutory limitations (IRC §§ 415 and 401A(17)), but not actuarially reduced for age less than 65. This calculation is made on the assumption (whether or not true) that the Participant is an active participant in the RIP and is currently eligible to accrue additional benefits thereunder. (Thus, the calculation is made even if the Participant is excluded from active participation under the terms of the RIP, as amended effective December 31, 2003.)

- w Calculate the *Primary Social Security Benefit*, based on earnings to date and assuming that current level of earnings will continue through age 65.

- w The *SERP Benefit* equals the *Target Retirement Income* (above) minus the **sum** of (a) the *Retirement Income Plan Benefit* plus (b) the *Primary Social Security Benefit*.

- w The *SERP Benefit* is then adjusted, if applicable, under the vesting schedule in Section 4.1.

- w However, the *minimum* SERP Benefit is 10% of current Base Salary.

- w If the prior SERP benefit (as last calculated under the above described method and posted to the official list of Participants and their SERP Benefit) is greater than the new SERP Benefit, use the prior SERP Benefit.

- w Therefore, SERP Benefit is the greatest of:

  - Target Retirement Income minus sum of (a) Retirement Income Plan Benefit plus (b) the Primary Social Security Benefit.

  - 10% of Current Base Salary, or

  - Prior SERP Benefit.

APPENDIX B

LIFE EXPECTANCIES FROM THE 1983 GROUP ANNUITY TABLE FOR MALES
(Set back 2 years for Participants and 4 years for Joint Annuitants)

Age	Joint Annuitant	Age	Joint Annuitant
20	61.8209	65	20.733104
21	60.8413	66	19.922360
22	59.8620	67	19.126492
23	58.8830	68	18.344112
24	57.9043	69	17.572161
25	56.9259	70	16.808107
26	55.9480	71	16.051847
27	54.9706	72	15.305311
28	53.9937	70	14.572070
29	53.0174	74	13.854374
30	52.0418	75	13.152659
31	51.0670	76	12.467970
32	50.0929	77	11.801827
33	49.1198	78	11.156078
34	48.1476	79	10.530978
35	47.1765	80	9.925826
36	46.2066	81	9.340932
37	45.2380	82	8.777414
38	44.2708	83	8.236987
39	43.3052	84	7.719357
40	42.3420	85	7.223015
41	41.3799	86	6.747887
42	40.4194	87	6.295031
43	39.4609	88	5.866464
44	38.5048	89	5.463912
45	37.5519	90	5.087653
46	36.6027	91	4.737174
47	35.6578	92	4.411342
48	34.7181	93	4.108517
49	33.7843	94	3.827037
50	32.8570	95	3.565508
51	31.9371	96	3.322551
52	31.0249	97	3.096798
53	30.1209	98	2.886902
54	29.2251	99	2.692192
55	28.3377	100	2.512150
56	27.4584	101	2.345559
57	26.5870	102	2.190383
58	25.7232	103	2.043361
59	24.8665	104	1.904998
60	24.0165	105	1.776622
61	23.1729	106	1.653351
62	22.3357	107	1.520196
63	21.5052	108	1.343162
64	20.6824	109	1.058194

Assumptions: Mortality Table = gam83m Participant -2 setback Joint Annuitant -4 setback
Interest = 0.00% Continuation Percentage = 50%

APPENDIX C

Example:

A Participant receiving a SERP Benefit in the amount of $10,000 dies at age 74. His or her Surviving Spouse is age 65. The benefit payable to the Surviving Spouse would be calculated as follows.

1. Life expectancy set forth on the Group Annuity Mortality Table of a hypothetical Surviving Spouse who is age 69 =16.7345

2. Life expectancy set forth on the Group Annuity Mortality Table of the Surviving Spouse who is age 65 = 19.8686

3. Quotient obtained by dividing 1 above by 2 above (16.7345 ÷ 19.8686) = 0.8423

4. Yearly benefit payable to Surviving Spouse = $10,000 x 50% x 0.8423 = $4,211.50

Exhibit 31.1

CERTIFICATIONS

I, Markos I. Tambakeras, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kennametal Inc.;

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

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

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

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

   b) [omitted in accordance with SEC Release No. 33-8238/34-47986]

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

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

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

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

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

Date: November 9, 2004

/s/ Markos I. Tambakeras
Markos I. Tambakeras
Chairman, President and Chief Executive Officer

Exhibit 31.2

I, F. Nicholas Grasberger III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kennametal Inc.;

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

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

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

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

   b) [omitted in accordance with SEC Release No. 33-8238/34-47986]

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

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

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

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

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

Date: November 9, 2004

/s/ F. NICHOLAS GRASBERGER III
F. Nicholas Grasberger III
Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kennametal Inc. (the “Corporation”) on Form 10-Q for the period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Corporation certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

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

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

/s/ MARKOS I. TAMBAKERAS
Markos I. Tambakeras
Chairman, President and Chief Executive Officer
Kennametal Inc.

November 9, 2004

/s/ F. NICHOLAS GRASBERGER III
F. Nicholas Grasberger III
Vice President and Chief Financial Officer Kennametal Inc.

November 9, 2004

*This certification is made solely for purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.