

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): October 29, 2009

Kennametal Inc.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania

(State or Other Jurisdiction of Incorporation)

1-5318

(Commission File Number)

25-0900168

(IRS Employer Identification No.)

**World Headquarters
1600 Technology Way
P.O. Box 231**

Latrobe, Pennsylvania
(Address of Principal Executive Offices)

15650-0231
(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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Item 2.02 Results of Operations and Financial Condition

On October 29, 2009, Kennametal Inc. (Kennametal or the Company) issued an earnings announcement for its fiscal first quarter ended September 30, 2009.

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 (loss) income, Metalworking Sales and Services Group (MSSG) operating income (loss) and margin, Advanced Materials Solutions Group (AMSG) operating income and margin, (loss) income from continuing operations, (loss) income from continuing operations before income taxes, (benefit) provision for income taxes, effective tax rate, net (loss) income and diluted (loss) earnings per share. Adjustments include: (1) restructuring and related charges for the three months ended September 30, 2009 and 2008, respectively, and (2) divestiture related charges for the three months ended September 30, 2009. Management adjusts for these items in measuring and compensating internal performance and to more easily compare the Company's financial performance period-to-period. The press release also contains free operating cash flow, which is also a non-GAAP measure as 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 period 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.

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.

Adjusted EBIT

EBIT is an acronym for Earnings Before Interest and Taxes and is a non-GAAP financial measure. The most directly comparable GAAP measure is net income. However, we believe that EBIT is widely used as a measure of operating performance and we believe EBIT to be an important indicator of the Company's operational strength and performance. Nevertheless, the measure should not be considered in isolation or as a substitute for operating income, cash flows from operating activities or any other measure for determining operating performance or cash generation that is calculated in accordance with GAAP. Additionally, Kennametal will adjust EBIT for net income attributable to noncontrolling interests, interest income, pre-tax expense (income) from discontinued operations and special items. Management uses this information in reviewing operating performance and in determining compensation.

Primary Working Capital

Primary working capital is a non-GAAP financial measure and is defined as the sum of accounts receivable and inventories, minus accounts payable. The most directly comparable GAAP measure is working capital, which is defined as current assets less current liabilities. We believe primary working capital better represents Kennametal's performance in managing certain assets and liabilities controllable at the business unit level and it is used as such for internal performance measurement.

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 Kennametal shareowners' equity plus noncontrolling interest plus total debt. The most directly comparable GAAP measure is debt to equity, which is defined as total debt divided by shareowners' equity. Management believes that debt to capital provides additional insight into the underlying capital structuring and performance of the Company.

ADJUSTED EBIT (UNAUDITED)

(in thousands, except percents)	Three Months Ended September 30,	
	2009	2008
Net (loss) income, as reported	\$(9,817)	\$35,467
Net (loss) income as a percent of sales	(2.4%)	5.5%
Add back (deduct):		
Interest expense	6,371	7,083
Tax (benefit) expense	(5,129)	8,377
Tax (benefit) expense on discontinued operations	(843)	127
EBIT	(9,418)	51,054
Additional adjustments:		
Net income attributable to noncontrolling interests	629	785
Interest income	(395)	(2,003)
Pre-tax expense (income) from discontinued operations	135	(582)
Special Items:		
Restructuring and related charges	8,549	9,145
Divestiture related charges	2,075	—
Adjusted EBIT	\$ 1,575	\$58,399
Adjusted EBIT as a percent of sales	0.4%	9.1%

PRIMARY WORKING CAPITAL (UNAUDITED)

(in thousands)	September 30, 2009	June 30, 2009
Current assets	\$ 884,406	\$ 875,904
Current liabilities	386,721	378,969
Working capital in accordance with GAAP	\$ 497,685	\$ 496,935
Excluding items:		
Cash and cash equivalents	(105,099)	(69,823)
Other current assets	(121,298)	(145,798)
Total excluded current assets	(226,397)	(215,621)
Adjusted current assets	658,009	660,283
Current maturities of long-term debt and capital leases, including notes payable	(42,381)	(49,365)
Other current liabilities	(253,500)	(242,428)
Total excluded current liabilities	(295,881)	(291,793)
Adjusted current liabilities	90,840	87,176
Primary working capital	\$ 567,169	\$ 573,107

DEBT TO CAPITAL (UNAUDITED)

(in thousands, except percents)	September 30, 2009	June 30, 2009
Total debt	\$ 367,359	\$ 485,957
Kennametal shareowners' equity	1,379,702	1,247,443
Debt to equity, GAAP	26.6%	39.0%
<hr/>		
Total debt	\$ 367,359	\$ 485,957
Kennametal shareowners' equity	1,379,702	1,247,443
Noncontrolling interests	21,057	20,012
Total capital	\$1,768,118	\$1,753,412
Debt to capital	20.8%	27.7%

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Fiscal 2010 First 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: October 29, 2009

By: /s/ Wayne D. Moser
Wayne D. Moser
Vice President Finance and Corporate Controller

PRESS RELEASE

**FOR IMMEDIATE RELEASE:**

DATE: October 29, 2009

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KENNAMETAL ANNOUNCES FIRST QUARTER FISCAL 2010 RESULTS

- Sales turn upward on a sequential basis
- Operating results and EPS also up sequentially, on an adjusted basis
- Increasing momentum of permanent savings from restructuring programs
- Free operating cash flow of \$9 million for the quarter

LATROBE, Pa., (October 29, 2009) — Kennametal Inc. (NYSE: KMT) today reported that sales for its first fiscal quarter ended September 30, 2009 improved sequentially by 6 percent from the preceding quarter. The improvement in sales was driven by a modest uptick in industrial activity in certain markets and follows three consecutive quarters of sharp sequential decline during the global economic downturn. Compared to the record level set for the September quarter one year ago, sales were lower by 36 percent.

Reported fiscal 2010 first quarter earnings (loss) per diluted share (EPS) were (\$0.12), compared with prior year quarter reported EPS of \$0.47. The current quarter reported EPS included restructuring and divestiture related charges amounting to \$0.08 per share. The prior year quarter reported EPS included restructuring related charges of \$0.10 per share. Absent these charges, adjusted EPS for the current quarter was (\$0.04), compared with the prior year quarter adjusted EPS of \$0.57. Adjusted EPS for the current quarter improved sequentially by \$0.09 from the quarter ended June 30, 2009.



Kennametal's Chairman, President and Chief Executive Officer Carlos Cardoso said, "We are encouraged by the improvement in our business during the September quarter. In addition to the positive impact of higher sequential sales, our results benefited from increased permanent savings from our restructuring programs. We also continued to focus sharply on generating strong cash flow and maintaining a solid financial position. Our September quarter performance demonstrates the positive effect and future potential of the many difficult actions that we took during the global economic downturn. This, along with our market leading capabilities and talented employees worldwide, further enhances our ability to expand our sales and achieve higher levels of profitability in an improving global economy."

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.

Fiscal 2010 First Quarter Key Developments

- Sales for the quarter were \$409 million, compared with \$643 million in the same quarter last year. Sales declined organically by 36 percent, while the favorable impact of 3 percent from a business acquisition made in the prior fiscal year was offset by a 3 percent decrease from unfavorable foreign currency effects.
 - The company continued to realize benefits from cost reductions and improved operating efficiencies resulting from a series of restructuring programs that have been undertaken over the past eighteen months. Pre-tax benefits from these restructuring programs reached approximately \$30 million in the current quarter most of which were incremental to the same quarter one year ago. As a result, the company is nearing its target to achieve approximately \$125 million in annual pre-tax benefits from these initiatives. During the September quarter, the company recognized pre-tax charges related to these initiatives of \$9 million, or \$0.06 per share. Pre-tax charges recorded to date for these initiatives were \$90 million. Including these charges, the company expects to recognize approximately \$115 million of pre-tax charges related to its restructuring plans. The majority of the remaining charges are expected to be incurred over the next six to nine months, most of which are expected to be cash expenditures.
 - Operating loss was \$10 million for the current quarter compared to operating income of \$52 million for the prior year quarter. Absent restructuring related charges recorded in both periods, operating loss for the current quarter was \$1 million compared to operating income of \$61 million in the prior year quarter. The adjusted operating loss for the current quarter improved sequentially from the June 2009 quarter. This sequential improvement was driven by higher sales, increased permanent savings from restructuring programs, one-time
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benefits from certain labor negotiations in Europe, and ongoing cost discipline. The combined benefit of these items more than offset a sequential decline in temporary cost reductions as well as a sequential increase in corporate costs and expenses. The sequential decline in temporary cost reductions was related to the difference in savings between employee furloughs in place during the preceding quarter and salary reductions placed into effect at the beginning of the current quarter.

- The reported effective tax rate was 39.6 percent. On an adjusted basis, the effective tax rate was 41.8 percent compared to an adjusted rate of 19.0 percent in the prior year quarter. The change in the adjusted rate was driven primarily by certain favorable tax settlements amounting to \$1.5 million.
- During the current quarter, the company incurred pre-tax charges of \$2 million related to the June 2009 divestiture of its high speed steel business. The company expects to incur additional pre-tax charges related to this divestiture of \$2 million to \$3 million over the next three to six months. All cash proceeds related to this divestiture have been received.
- Reported EPS was (\$0.12), compared with prior year quarter reported EPS of \$0.47. Adjusted EPS was (\$0.04) compared to prior year quarter adjusted EPS of \$0.57. A reconciliation follows:

Earnings (Loss) Per Diluted Share Reconciliation

<i>First Quarter FY 2010</i>		<i>First Quarter FY 2009</i>	
Reported EPS	\$ (0.12)	Reported EPS	\$ 0.47
Restructuring and related charges	0.06	Restructuring and related charges	0.10
Divestiture related charges	0.02		
Adjusted EPS	\$ (0.04)	Adjusted EPS	\$ 0.57

- Cash flow from operating activities was \$17 million in the current quarter, compared with \$38 million in the prior year quarter. Free operating cash flow of \$9 million was generated during the current quarter compared to an outflow of \$5 million in the prior year quarter.
 - At the outset of the current quarter, Kennametal completed two actions to further enhance liquidity and strengthen financial position. The first action involved an amendment to the company's existing \$500 million revolving bank credit facility. This amendment provides additional flexibility with respect to financial covenants while maintaining the size and maturity of the facility. The second action involved the issuance of 8,050,000 shares of common stock generating net proceeds of approximately \$120 million which were used to pay down outstanding indebtedness under the revolving credit facility.
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Segment Highlights of Fiscal 2010 First Quarter

Metalworking Solutions & Services Group (MSSG) sales decreased by 43 percent from the prior year quarter, driven by an organic sales decline of 39 percent and unfavorable foreign currency effects of 4 percent. Global industrial production began to show some slight improvement as sales increased sequentially from the June quarter. On a regional basis, Europe and North America reported organic sales declines of 42 percent and 39 percent, respectively, compared to the prior year September quarter. Latin America, India and Asia Pacific also experienced year-to-year organic sales declines of 31 percent, 25 percent and 39 percent, respectively.

MSSG operating loss was \$13 million for the September quarter compared to operating income of \$42 million for the same quarter of the prior year. Excluding restructuring related charges recorded in both periods, MSSG operating loss was \$8 million compared with operating income of \$49 million in the prior year quarter. The primary driver of the year-to-year decline in operating results was reduced sales and production volumes, offset in part by restructuring benefits and continued cost reduction actions.

Advanced Materials Solutions Group (AMSG) sales decreased 25 percent from the prior year quarter, driven by a 30 percent organic decline and a 2 percent unfavorable impact from foreign currency effects, partially offset by the favorable impact from a prior year acquisition of 7 percent. The organic decline was primarily driven by lower sales in the engineered products business, as well as reduced demand for energy related products.

AMSG operating income was \$23 million in the current quarter compared to operating income of \$30 million in the same quarter of the prior year. Absent restructuring related charges recorded in both periods, AMSG operating income was \$24 million in the current quarter compared to \$31 million in the prior year quarter. The year-to-year decline in operating income was primarily due to lower sales and production volumes in the engineered products and energy related businesses. A considerable portion of the sales decline impact was offset by a combination of restructuring benefits and continued cost reduction actions.

Sale of Gage Business

On October 9, 2009, Kennametal completed a minor divestiture involving the sale of its gage business for cash proceeds of approximately \$1 million. This business utilized two manufacturing plants that were included in the assets divested. This is another step in the company's process to further shape its business portfolio and reduce its manufacturing footprint.

Outlook

Global industrial activity has recently exhibited some stability following the severe economic downturn and turbulence experienced during the previous fiscal year. However, the improvement in business conditions at present is considerably uneven and does not yet entail broad-based momentum. Certain market sectors and regions have begun to strengthen while others look to either remain flat or trend further downward in the short to medium term. While there are some overall positive signs of an improving global economy, it remains difficult to predict with any certainty the timing, magnitude and duration of a sustainable recovery.

Management presently believes that global industrial activity and the corresponding demand for the company's products will continue to moderately improve through the remainder of the current fiscal year. Under these assumed conditions, Kennametal would expect EPS for fiscal 2010 to be in the range of \$0.50 to \$0.70 per share, excluding restructuring and divestiture related charges, on sales that would be 5 percent to 10 percent lower year-to-year on an organic basis. Cash flow from operations would be expected to be in the range of \$65 million to \$75 million for fiscal 2010, as a considerable portion of the cash generated is expected to be needed to fund higher working capital requirements as business improves. Based on capital expenditures of approximately \$60 million, free operating cash flow would be in the range of \$5 million to \$15 million for fiscal 2010.

For the second quarter of fiscal 2010, Kennametal expects organic sales to be 20 percent to 25 percent lower than for the same quarter of the previous fiscal year and expects EPS to be at or slightly above breakeven, excluding restructuring and divestiture related charges.

Dividend Declared

Kennametal also announced today that its Board of Directors declared a regular quarterly cash dividend of \$0.12 per share. The dividend is payable November 20, 2009 to shareowners of record as of the close of business on November 5, 2009.

Kennametal advises shareowners to note monthly order trends, for which the company 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.

First quarter results for fiscal 2010 will be discussed in a live Internet broadcast at 10:00 a.m. Eastern time today. This event will be broadcast live on the company's website, 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 November 30, 2009.

This release contains "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. You can identify 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 or events. Forward looking statements in this release concern, among other things, Kennametal's outlook for earnings for its fiscal year 2010, and its expectations regarding restructuring initiatives, future growth and financial performance, all of which are based on current expectations 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, actual outcomes could vary materially from those indicated. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties related to: the recent downturn in our industry; deepening or prolonged economic recession; restructuring and related actions (including associated costs and anticipated benefits); changes in our debt ratings; compliance with our debt arrangements; 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; availability and cost of the raw materials we use to manufacture our products; global or regional catastrophic events, including terrorist attacks or acts of war; integrating acquisitions and achieving the expected savings and synergies; business divestitures; potential claims relating to our products; energy costs; commodity prices; labor relations; demand for and market acceptance of new and existing products; and implementation of environmental remediation matters. These and other 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 2009, customers bought approximately \$2.0 billion of Kennametal products and services — delivered by our nearly 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. [KMT-E]

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended September 30,	
	2009	2008 ⁽¹⁾
Sales	\$409,395	\$643,374
Cost of goods sold	291,594	428,254
Gross profit	117,801	215,120
Operating expense	116,162	150,956
Restructuring charges	7,830	8,412
Amortization of intangibles	3,340	3,409
Operating (loss) income	(9,531)	52,343
Interest expense	6,371	7,083
Other (income) expense, net	(2,952)	1,086
(Loss) income from continuing operations before income taxes	(12,950)	44,174
(Benefit) provision for income taxes	(5,129)	8,377
(Loss) income from continuing operations	(7,821)	35,797
(Loss) income from discontinued operations	(1,367)	455
Net (loss) income	(9,188)	36,252
Less: Net income attributable to noncontrolling interests	629	785
Net (loss) income attributable to Kennametal	\$ (9,817)	\$ 35,467
Amounts Attributable to Kennametal Common Shareowners:		
(Loss) income from continuing operations	\$ (8,450)	\$ 35,012
(Loss) income from discontinued operations	(1,367)	455
Net (loss) income attributable to Kennametal	\$ (9,817)	\$ 35,467
PER SHARE DATA ATTRIBUTABLE TO KENNAMETAL		
Basic (loss) earnings per share:		
Continuing operations	\$ (0.10)	\$ 0.47
Discontinued operations	(0.02)	0.01
	\$ (0.12)	\$ 0.48
Diluted (loss) earnings per share:		
Continuing operations	\$ (0.10)	\$ 0.46
Discontinued operations	(0.02)	0.01
	\$ (0.12)	\$ 0.47
Dividends per share	\$ 0.12	\$ 0.12
Basic weighted average shares outstanding	79,772	74,399
Diluted weighted average shares outstanding	79,772	75,526

(1) Amounts have been reclassified to reflect discontinued operations related to the divestiture of the high speed steel drills and related products business.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands)	September 30, 2009	June 30, 2009
ASSETS		
Cash and cash equivalents	\$ 105,099	\$ 69,823
Accounts receivable, net	286,040	278,977
Inventories	371,969	381,306
Other current assets	121,298	145,798
Total current assets	884,406	875,904
Property, plant and equipment, net	716,821	720,326
Goodwill and intangible assets, net	679,875	677,436
Other assets	76,530	73,308
Total assets	\$2,357,632	\$2,346,974
LIABILITIES		
Current maturities of long-term debt and capital leases, including notes payable	\$ 42,381	\$ 49,365
Accounts payable	90,840	87,176
Other current liabilities	253,500	242,428
Total current liabilities	386,721	378,969
Long-term debt and capital leases	324,978	436,592
Other liabilities	245,174	263,958
Total liabilities	956,873	1,079,519
KENNAMETAL SHAREOWNERS' EQUITY	1,379,702	1,247,443
NONCONTROLLING INTERESTS	21,057	20,012
Total liabilities and equity	\$2,357,632	\$2,346,974

SEGMENT DATA (UNAUDITED)

(in thousands)	Three Months Ended September 30,	
	2009	2008 ⁽¹⁾
<i>Outside Sales:</i>		
Metalworking Solutions and Services Group	\$230,991	\$405,395
Advanced Materials Solutions Group	178,404	237,979
Total outside sales	\$409,395	\$643,374
<i>Sales By Geographic Region:</i>		
United States	\$186,588	\$269,512
International	222,807	373,862
Total sales by geographic region	\$409,395	\$643,374
<i>Operating (Loss) Income:</i>		
Metalworking Solutions and Services Group	\$ (12,766)	\$ 42,379
Advanced Materials Solutions Group	23,107	29,990
Corporate and eliminations ⁽²⁾	(19,872)	(20,026)
Total operating (loss) income	\$ (9,531)	\$ 52,343

(1) Amounts have been reclassified to reflect discontinued operations related to the divestiture of the high speed steel drills and related products business.

(2) Includes corporate functional shared services and intercompany eliminations.

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, MSSG operating income and margin, AMSSG operating income and margin, income from continuing operations, income before income taxes and noncontrolling interest, provision for income taxes, effective tax rate, net income and diluted (loss) earnings per share and free operating cash flow (which are non-GAAP financial measures), to the most directly comparable GAAP measures. 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 of Form 8-K to which this release is attached.

THREE MONTHS ENDED SEPTEMBER 30, 2009 (UNAUDITED)

(in thousands, except per share amounts)	Gross Profit	Operating Expense	Operating Loss	Loss from Continuing Operations	Net Loss	Diluted EPS
2010 Reported Results	\$117,801	\$116,162	\$(9,531)	\$(7,821)	\$(9,817)	\$(0.12)
Restructuring and related charges	456	263	8,549	5,260	5,260	0.06
Divestiture related charges	—	—	—	—	1,284	0.02
2010 Adjusted Results	\$118,257	\$116,425	\$ (982)	\$(2,561)	\$(3,273)	\$(0.04)

(in thousands, except percents)	MSSG Operating Loss	AMSSG Operating Income
2010 Reported Results	\$(12,766)	\$23,107
2010 Reported Operating Margin	(5.5%)	13.0%
Restructuring and related charges	4,289	1,321
2010 Adjusted Results	\$ (8,477)	\$24,428
2010 Adjusted Operating Margin	(3.7%)	13.7%

(in thousands, except percents)	Loss from Continuing Operations before Income Taxes	(Benefit) Provision for Income Taxes	Effective Tax Rate
2010 Reported Results	\$(12,950)	\$(5,129)	39.6%
Restructuring and related charges	8,549	3,289	2.2%
2010 Adjusted Results	\$ (4,401)	\$(1,840)	41.8%

THREE MONTHS ENDED SEPTEMBER 30, 2008 (UNAUDITED)

(in thousands, except per share amounts)	Gross Profit	Operating Expense	Operating Income	Income from Continuing Operations	Net Income	Diluted EPS
2009 Reported Results	\$215,120	\$150,956	\$52,343	\$35,797	\$35,467	\$0.47
Restructuring and related charges	775	(42)	9,145	7,408	7,408	0.10
2009 Adjusted Results	\$215,895	\$150,998	\$61,488	\$43,205	\$42,875	\$0.57

(in thousands, except percents)	MSSG Operating Income	AMSG Operating Income
2009 Reported Results	\$42,379	\$29,990
2009 Reported Operating Margin	10.5%	12.6%
Restructuring and related charges	7,234	1,405
2009 Adjusted Results	\$49,613	\$31,395
2009 Adjusted Operating Margin	12.2%	13.2%

(in thousands, except percents)	Income from Continuing Operations before Income Taxes	Provision for Income Taxes	Effective Tax Rate
2009 Reported Results	\$44,174	\$ 8,377	19.0%
Restructuring and related charges	9,145	1,737	—
2009 Adjusted Results	\$53,319	\$10,114	19.0%

FREE OPERATING CASH FLOW (UNAUDITED)

(in thousands)	Three Months Ended September 30,	
	2009	2008
Net cash flow provided by operating activities	\$17,290	\$ 37,950
Purchases of property, plant and equipment	(8,915)	(44,592)
Proceeds from disposals of property, plant and equipment	987	1,309
Free operating cash flow	\$ 9,362	\$ (5,333)