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

FORM 8-K

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

Date of report (Date of earliest event reported): October 23, 2007

Kennametal Inc.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania	**1-5318**	**25-0900168**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

World Headquarters **1600 Technology Way** **P.O. Box 231** **Latrobe, Pennsylvania**	**15650-0231**
(Address of Principal Executive Offices)	(Zip Code)

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

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

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

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 24, 2007, Kennametal Inc. (Kennametal or the Company) issued an earnings announcement for its fiscal first quarter ended September 30, 2007.

The press release contains certain non-generally accepted accounting principles (GAAP) financial measures. The following GAAP financial measures have been presented excluding special items: gross profit, operating expense, operating income, effective tax rate, income from continuing operations, net income and diluted earnings per share. These special items include: (1) impact of a German tax reform bill for the three months ended September 30, 2007, (2)(a) loss on divestiture of consumer retail product line, including industrial saw blades (CPG) and transaction-related charges and (b) adjustment on J&L Industrial Supply (J&L) divestiture and transaction-related charges for the three months ended September 30, 2006 and (3)(a) Kemmer Praezision Electronics business (Electronics) impairment and divestiture-related charges, (b) loss on divestiture of CPG and transaction-related charges and (c) adjustment on J&L divestiture and transaction-related charges for the year ended June 30, 2007. Management excludes these items in measuring and compensating internal performance to more easily compare the Company's financial performance period-to-period. The press release also contains adjusted free operating cash flow and adjusted return on invested capital, which are also non-GAAP measures and are defined below.

Management believes that presentation of these non-GAAP financial measures provides useful information about the results of operations of the Company for the current 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. Non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

Adjusted 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 strategic initiatives (such as acquisitions), dividends, debt repayment and other investing and financing activities. Management may further adjust free operating cash flow for significant unusual cash items. Management considers adjusted free operating cash flow to be an important indicator of Kennametal's cash generating capability because it excludes significant unusual items.

Adjusted Return on Invested Capital

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

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 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. 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 liquidity that is calculated in accordance with GAAP. Additionally, Kennametal will adjust EBIT for minority interest expense, interest income, securitization fees, pre-tax 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 accounts receivable, net plus inventories, net 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.

EBIT RECONCILIATION (Unaudited)

(in thousands, except percents)	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006
Net income, as reported	$34,879	$30,361
Net income as a percent of sales	5.7%	5.6%
Add back:		
Interest expense	7,799	7,427
Tax expense	21,667	13,929
Tax expense on discontinued operations	—	254
EBIT	64,345	51,971
Additional adjustments:		
Minority interest expense	872	557
Interest income	(905)	(2,658)
Securitization fees	8	22
Pre-tax income from discontinued operations	—	(1,731)
Special Items:		
Loss on divestiture of CPG and transaction-related charges	—	570
Adjustment on J&L divestiture and transaction-related charges	—	2,019
Adjusted EBIT	$64,320	$50,750
Adjusted EBIT as a percent of sales	10.5%	9.3%

PRIMARY WORKING CAPITAL RECONCILIATION (Unaudited)

(in thousands)	September 30, 2007	June 30, 2007
Current assets	$ 1,050,889	$1,016,502
Current liabilities	461,840	487,237
Working capital in accordance with GAAP	$ 589,049	$ 529,265
Excluding items:		
Cash and cash equivalents	(66,541)	(50,433)
Other current assets	(93,851)	(95,766)
Total excluded current assets	(160,392)	(146,199)
Adjusted current assets	890,497	870,303
Current maturities of long-term debt and capital leases, including notes payable	(8,124)	(5,430)
Other current liabilities	(280,318)	(292,506)
Total excluded current liabilities	(288,442)	(297,936)
Adjusted current liabilities	173,398	189,301
Primary working capital	$ 717,099	$ 681,002

Item 8.01 Other Events

At its meeting on October 23, 2007, the Kennametal Inc. Board of Directors approved a 14 percent increase to the quarterly dividend rate and also approved a 2-for-1 split of the company's common stock. The increase in the quarterly dividend rate, from 21 cents to 24 cents per pre-split share, is payable November 19, 2007 to shareowners of record on November 7. The split will take the form of a stock dividend; each shareowner of record on December 4, 2007 will receive one additional share for each share outstanding. The split shares are expected to be distributed on December 18, 2007.

Further details are set forth in the press release furnished herewith as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1	Fiscal 2008 First Quarter Earnings Announcement
99.2	Kennametal Announces 2-for-1 Stock Split; Increases Dividend by 14%

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 24, 2007

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

EXHIBIT 99.1

Investor Relations
Contact: Quynh McGuire
724-539-6559

Media Relations
Contact: Joy Chandler
724-539-4618

DATE: October 24, 2007

FOR RELEASE: Immediate

KENNAMETAL ANNOUNCES RECORD FIRST QUARTER FISCAL 2008 RESULTS

- Record sales of $615 million, up 13% year-over-year
- Record reported earnings per diluted share (EPS) of $0.88
- Record adjusted EPS of $1.05, up 28% year-over-year
- Increased full-year adjusted EPS guidance to $5.60 — $5.70, up 23% — 25% over prior year adjusted EPS

LATROBE, Pa., October 24, 2007 — Kennametal Inc. (NYSE: KMT) today reported fiscal 2008 first quarter EPS of $0.88, an increase of 13 percent from the prior year quarter reported EPS of $0.78. Adjusted EPS was $1.05 compared with prior year adjusted EPS of $0.82, an increase of 28 percent. The current quarter EPS included a non-cash special charge of $0.17 per share for the impact of a German tax reform bill enacted in July 2007. Prior year quarter EPS included special charges that totaled $0.04 per share related to previous divestitures.

Kennametal's President and Chief Executive Officer Carlos Cardoso said, "During the first quarter, we met or exceeded our guidance for sales growth and EPS while again generating strong cash flow and also increasing return on invested capital (ROIC). We are proud of our reputation as a high-performance enterprise that delivers on its commitments. The track record that we have established over the past several years continued in the first quarter of fiscal 2008. Our team made improvements that collectively resulted in a first quarter record for sales and earnings per share."

Cardoso added, “All of these achievements were made in spite of a challenging market environment in the North American economy. Our global strategies and initiatives as well as our ability to outperform industrial production provide Kennametal with multiple opportunities to grow sales and expand our margin. We attribute our success to the dedication of our global team, the strength of our operations, and our proven customer-focused growth strategy, which we continue to reinforce and execute in a highly disciplined and effective manner. We will continue to expand on our existing initiatives to deliver exceptional value to customers and shareowners.”

Reconciliations of all non-GAAP financial measures are set forth in the attached tables.

Highlights of Fiscal 2008 First Quarter

- Sales for the quarter were $615 million, compared with $543 million in the same quarter last year. Sales grew 13 percent over the same quarter last year and included 5 percent growth on an organic basis, 5 percent from acquisitions and 3 percent from foreign currency effects.
- Income from continuing operations was $35 million, compared with $29 million in the prior year quarter, an increase of 18 percent. Excluding special items in both periods, income from continuing operations grew 35 percent over the prior year quarter. This increase was driven by organic sales growth, controlled operating expenses, the net impact of acquisitions, favorable foreign currency effects and a lower effective tax rate.
- The effective tax rate for the current quarter was 37.7 percent, which was unfavorably impacted by a $6.6 million non-cash special charge for income taxes related to a German tax reform bill enacted in July 2007. Excluding the special charge, the effective tax rate for the current quarter was 26.3 percent compared to 31.7 percent in the prior year quarter and benefited from increased earnings from the company’s pan-European business strategy.
- Reported EPS increased 13 percent to $0.88, compared with prior year quarter reported EPS of $0.78. Adjusted EPS increased 28 percent to $1.05, compared with prior year quarter adjusted EPS of $0.82. A reconciliation follows:

Earnings Per Diluted Share Reconciliation

First Quarter FY 2008		
Reported EPS	**$**	**0.88**
Impact of German tax reform bill		0.17
Adjusted EPS	**$**	**1.05**
First Quarter FY 2007		
Reported EPS	**$**	**0.78**
Adjustment on J&L divestiture and transaction-related charges		0.03
Loss on divestiture of CPG and transaction-related charges		0.01
Adjusted EPS	**$**	**0.82**

- Cash flow provided by operating activities was $57 million in the current quarter, compared with an outflow of $19 million in the prior year quarter. Free operating cash flow (FOCF) was $16 million in the current quarter, compared with an outflow of $41 million in the prior year quarter. Included in the current quarter FOCF were income tax payments of $5 million compared to $86 million in the prior year quarter, primarily related to the gain on the divestiture of J&L and cash repatriated in 2006 under the American Jobs Creation Act. Adjusted FOCF, excluding the effects of these items, was $21 million compared with $45 million in the prior year quarter.
- Adjusted ROIC was 11.6 percent, compared with 11.5 percent in the prior year quarter.

Business Segment Highlights of Fiscal 2008 First Quarter

Metalworking Solutions & Services Group (MSSG) continued to deliver top-line growth in the September quarter, led by year-over-year expansion in the aerospace, machine tools and distribution sectors, as well as the effects of acquisitions. The European and Asia Pacific markets remained strong. The North American market declined slightly and the Indian market had positive growth compared to the prior year quarter.

In the September quarter, MSSG sales were higher by 14 percent as a result of 6 percent organic growth, 4 percent from acquisitions and 4 percent favorable foreign currency effects. Europe and Asia Pacific organic sales increased 11 percent and 18 percent, respectively. North America organic sales were at the prior year level. India organic sales increased 2 percent.

MSSG operating income increased by 21 percent, and the operating margin increased from the same quarter last year. The current quarter results benefited from organic growth, the net impact of acquisitions and favorable foreign currency effects.

Advanced Materials Solutions Group (AMSG) also continued to deliver top-line growth in the September quarter, driven by sales gains in certain markets, the effects of acquisitions and favorable foreign currency effects. Strong sales gains were made in the construction market while more moderate sales gains were achieved in the engineered product and energy markets. Sales of mining products were somewhat lower due to soft market conditions.

AMSG sales grew 12 percent as a result of 3 percent organic growth, 7 percent impact of acquisitions and 2 percent favorable foreign currency effects. AMSG again delivered organic growth in the current quarter on top of the double-digit growth achieved in the prior year quarter. Mining and construction products organic sales increased by 6 percent driven by strong construction sales. Engineered products and energy products organic sales increased by 4 percent and 2 percent, respectively.

AMSG operating income was up 9 percent driven by top-line growth while the operating margin was lower than the prior year quarter due primarily to higher raw material costs and sales mix in the current quarter.

Outlook

Worldwide market conditions support Kennametal's expectations of continued top-line growth during the balance of fiscal 2008. Based on global economic indicators, the company believes that the softness in the North American market will persist. The company also believes that the European market will remain favorable, and that business conditions will continue to be strong in developing economies. While there remain some uncertainties and risks related to the macro-economic environment, fundamental drivers for global demand appear to be stable.

The company anticipates that many of its end markets will continue to operate at favorable levels for the balance of the fiscal year, with moderating growth rates for some regions and some market sectors.

Kennametal expects sales growth in the range of 9 to 11 percent for fiscal 2008, including organic sales growth of 4 to 6 percent, continuing the trend of consistently outpacing worldwide industrial production rates by two to three times.

The company has increased adjusted EPS guidance for fiscal 2008 to a range of $5.60 to $5.70 (from $5.30 to $5.50) due to stronger international-based sales and higher benefits expected from its pan-European business strategy. This represents 23 percent to 25 percent growth in adjusted EPS, compared with fiscal 2007 adjusted EPS of $4.56. In the second quarter of fiscal 2008, Kennametal expects sales growth to be in the range of 11 to 12 percent, including organic sales growth of 4 to 5 percent, and EPS to be in the range of $1.10 to $1.15.

Kennametal anticipates cash flow from operating activities of approximately $280 million to $290 million for fiscal 2008. Based on anticipated capital expenditures of $140 million to $145 million, the company expects to generate between $140 million to $145 million of FOCF for fiscal 2008.

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 web site at www.kennametal.com.

First quarter results for fiscal 2008 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, click "Corporate," and then "Investor Relations." The replay of this event will also be available on the company's website through November 23, 2007.

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 event. Forward looking statements in this release concern, among other things, Kennametal's expectations regarding future growth, end markets, and financial performance for future periods, all of which are based on current expectations that involve inherent risks and uncertainties. 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: global and regional economic conditions; availability and cost of the raw materials we use to manufacture our products; our ability to protect our intellectual property in foreign jurisdictions; our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability; energy costs; commodity prices; competition; integrating recent acquisitions, as well as any future acquisitions, and achieving the expected savings and synergies; business divestitures; demands on management resources; future terrorist attacks or acts of war; labor relations; demand for and market acceptance of new and existing products; and implementation of restructuring plans and environmental remediation matters. 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. 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.

Kennametal Inc. (NYSE:KMT) is a leading global supplier of tooling, engineered components and advanced materials consumed in production processes. The company improves customers' competitiveness by providing superior economic returns through the delivery of application knowledge and advanced technology to master the toughest of materials application demands. Companies producing everything from airframes to coal, from medical implants to oil wells and from turbochargers to motorcycle parts recognize Kennametal for extraordinary contributions to their value chains. Customers buy approximately $2.4 billion annually of Kennametal products and services — delivered by our 14,000 talented employees in over 60 countries — with approximately 50 percent of these revenues coming from outside the United States. Visit us at www.kennametal.com [KMT-E]

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FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(in thousands, except per share amounts)	Three Months Ended September 30, 2007	2006
Sales	$615,076	$542,811
Cost of goods sold	402,985	355,780
Gross profit	212,091	187,031
Operating expense	145,032	135,044
Loss on divestiture	—	1,686
Amortization of intangibles	2,945	1,940
Operating income	64,114	48,361
Interest expense	7,799	7,427
Other income, net	(1,103)	(3,006)
Income from continuing operations before income taxes and minority interest	57,418	43,940
Provision for income taxes	21,667	13,929
Minority interest expense	872	557
Income from continuing operations	34,879	29,454
Income from discontinued operations [a]	—	907
Net income	$ 34,879	$ 30,361
Basic earnings per share:		
Continuing operations	$ 0.90	$ 0.77
Discontinued operations [a]	—	0.02
	$ 0.90	$ 0.79
Diluted earnings per share:		
Continuing operations	$ 0.88	$ 0.76
Discontinued operations [a]	—	0.02
	$ 0.88	$ 0.78
Dividends per share	$ 0.21	$ 0.19
Basic weighted average shares outstanding	38,699	38,226
Diluted weighted average shares outstanding	39,534	39,058

a Income from discontinued operations reflects divested results of the Kemmer Praezision Electronics business (Electronics) — AMSG and the consumer retail product line, including industrial saw blades (CPG) — MSSG.

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FINANCIAL HIGHLIGHTS (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands)	September 30, 2007	June 30, 2007
ASSETS		
Cash and cash equivalents	$ 66,541	$ 50,433
Accounts receivable, net	447,192	466,690
Inventories	443,305	403,613
Other current assets	93,851	95,766
Total current assets	1,050,889	1,016,502
Property, plant and equipment, net	648,888	614,019
Goodwill and intangible assets, net	831,446	834,290
Other assets	122,701	141,416
Total	$2,653,924	$2,606,227
LIABILITIES		
Current maturities of long-term debt and capital leases, including notes payable	$ 8,124	$ 5,430
Accounts payable	173,398	189,301
Other current liabilities	280,318	292,506
Total current liabilities	461,840	487,237
Long-term debt and capital leases	368,927	361,399
Other liabilities	272,984	255,500
Total liabilities	1,103,751	1,104,136
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	19,122	17,624
SHAREOWNERS' EQUITY	1,531,051	1,484,467
Total	$2,653,924	$2,606,227

SEGMENT DATA (Unaudited)

(in thousands)	Three Months Ended September 30, 2007	2006
Outside Sales:		
Metalworking Solutions and Services Group	$407,697	$357,084
Advanced Materials Solutions Group	207,379	185,727
Total outside sales	$615,076	$542,811
Sales By Geographic Region:		
United States	$283,080	$266,863
International	331,996	275,948
Total sales by geographic region	$615,076	$542,811
Operating Income (Loss):		
Metalworking Solutions and Services Group	$ 55,352	$ 45,666
Advanced Materials Solutions Group	29,980	27,386
Corporate and eliminations [b]	(21,218)	(24,691)
Total operating income	$ 64,114	$ 48,361

b Includes corporate functional shared services and intercompany eliminations.

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FINANCIAL HIGHLIGHTS (Continued)

In addition to reported results under generally accepted accounting principles in the United States of America (GAAP), the following financial highlight tables also include, where appropriate, a reconciliation of gross profit, operating expense, operating income, effective tax rate, income from continuing operations, net income and diluted earnings per share (which are GAAP financial measures), in each case excluding special items, as well as adjusted free operating cash flow and adjusted return on invested capital (which are non-GAAP financial measures), to the most directly comparable GAAP measures. Management believes that the investor 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.

RECONCILIATION TO GAAP — THREE MONTHS ENDED SEPTEMBER 30, 2007 (Unaudited)

(in thousands, except percents and per share amounts)	Effective Tax Rate	Income from Continuing Operations	Net Income	Diluted EPS
2008 Reported Results	37.7%	$34,879	$34,879	$0.88
Impact of German tax reform bill	(11.4)	6,594	6,594	0.17
2008 Adjusted Results	26.3%	$41,473	$41,473	$1.05

RECONCILIATION TO GAAP — THREE MONTHS ENDED SEPTEMBER 30, 2006 (Unaudited)

(in thousands, except per share amounts)	Gross Profit	Operating Expense	Operating Income	Income from Continuing Operations	Net Income	Diluted EPS
2007 Reported Results	$187,031	$135,044	$48,361	$29,454	$30,361	$0.78
Loss on divestiture of CPG and transaction-related charges	—	—	—	—	368	0.01
Adjustment on J&L divestiture and transaction-related charges	—	(333)	2,019	1,252	1,252	0.03
2007 Adjusted Results	$187,031	$134,711	$50,380	$30,706	$31,981	$0.82

RECONCILIATION TO GAAP — YEAR ENDED JUNE 30, 2007 (Unaudited)

(in thousands, except per share amounts)	Gross Profit	Operating Expense	Operating Income	Income from Continuing Operations	Net Income	Diluted EPS
2007 Reported Results	$841,562	$554,634	$269,420	$176,842	$174,243	$4.44
Electronics impairment and divestiture-related charges	—	—	—	—	3,213	0.08
Loss on sale of CPG and transaction-related charges	—	—	—	—	368	0.01
Adjustment on J&L divestiture and transaction-related charges	—	(333)	2,019	1,252	1,252	0.03
2007 Adjusted Results	$841,562	$554,301	$271,439	$178,094	$179,076	$4.56

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FINANCIAL HIGHLIGHTS (Continued)

RECONCILIATION OF ADJUSTED FREE OPERATING CASH FLOW (Unaudited)

(in thousands)	Three Months Ended September 30, 2007	2006
Net cash flow provided by (used for) operating activities	$ 56,905	$(18,800)
Purchases of property, plant and equipment	(42,686)	(22,661)
Proceeds from disposals of property, plant and equipment	2,200	483
Free operating cash flow	16,419	(40,978)
Adjustments:		
Income taxes paid during first quarter	4,659	86,236
Adjusted free operating cash flow	$ 21,078	$ 45,258

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FINANCIAL HIGHLIGHTS (Continued)

RETURN ON INVESTED CAPITAL (Unaudited)

September 30, 2007 (in thousands, except percents)

Invested Capital	**9/30/2007**	**6/30/2007**	**3/31/2007**	**12/31/2006**	**9/30/2006**	**Average**
Debt	$ 377,051	$ 366,829	$ 371,521	$ 376,472	$ 409,592	$ 380,293
Minority interest	19,122	17,624	16,896	15,807	15,177	16,925
Shareowners' equity	1,531,051	1,484,467	1,431,235	1,369,748	1,319,599	1,427,220
Total	$1,927,224	$1,868,920	$1,819,652	$ 1,762,027	$1,744,368	$1,824,438

	Three Months Ended				
Interest Expense	**9/30/2007**	**6/30/2007**	**3/31/2007**	**12/31/2006**	**Total**
Interest expense	$ 7,799	$ 7,513	$ 6,915	$ 7,286	$ 29,513
Securitization fees	8	5	5	6	24
Total interest expense	$ 7,807	$ 7,518	$ 6,920	$ 7,292	$ 29,537
Income tax benefit					8,772
Total interest expense, net of tax					$ 20,765

Total Income	**9/30/2007**	**6/30/2007**	**3/31/2007**	**12/31/2006**	**Total**
Net Income, as reported	$ 34,879	$ 62,093	$ 51,738	$ 30,051	$ 178,761
Impact of German tax reform bill	6,594	—	—	—	6,594
Electronics impairment and transaction-related charges	—	—	—	3,213	3,213
Minority interest expense	872	229	757	642	2,500
Total Income, adjusted	$ 42,345	$ 62,322	$ 52,495	$ 33,906	$ 191,068
Total interest expense, net of tax					20,765
					$ 211,833
Average invested capital					$1,824,438
Adjusted Return on Invested Capital					11.6%

Return on invested capital calculated utilizing net income, as reported is as follows:	
Net income, as reported	$ 178,761
Total interest expense, net of tax	20,765
	$ 199,526
Average invested capital	$1,824,438
Return on Invested Capital	10.9%

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FINANCIAL HIGHLIGHTS (Continued)

RETURN ON INVESTED CAPITAL (Unaudited)

September 30, 2006 (in thousands, except percents)

Invested Capital	**9/30/2006**	**6/30/2006**	**3/31/2006**	**12/31/2005**	**9/30/2005**	**Average**
Debt	$ 409,592	$ 411,722	$ 365,906	$ 410,045	$ 415,250	$ 402,503
Accounts receivable securitized	—	—	106,106	100,295	100,445	61,369
Minority interest	15,177	14,626	18,054	16,918	18,117	16,578
Shareowners' equity	1,319,599	1,295,365	1,115,110	1,045,974	1,009,394	1,157,089
Total	$1,744,368	$1,721,713	$1,605,176	$ 1,573,232	$1,543,206	$1,637,539

	Three Months Ended				
Interest Expense	**9/30/2006**	**6/30/2006**	**3/31/2006**	**12/31/2005**	**Total**
Interest expense	$ 7,427	$ 7,478	$ 7,728	$ 7,984	$ 30,617
Securitization fees	22	1,288	1,241	1,170	3,721
Total interest expense	$ 7,449	$ 8,766	$ 8,969	$ 9,154	$ 34,338
Income tax benefit					9,134
Total interest expense, net of tax					$ 25,204
Total Income	**9/30/2006**	**6/30/2006**	**3/31/2006**	**12/31/2005**	**Total**
Net Income, as reported	$ 30,361	$ 164,196	$ 32,903	$ 31,087	$ 258,547
Gain on divestiture of J&L	1,045	(132,001)	—	—	(130,956)
J&L transaction-related charges	207	2,796	1,160	—	4,163
Loss on divestiture of Electronics	—	15,366	—	—	15,366
Tax impact of cash repatriation under AJCA	—	11,176	—	—	11,176
Loss on divestiture of CPG, goodwill impairment and transaction-related charges	368	(2,192)	5,030	—	3,206
Loss on divestiture of Presto	—	1,410	8,047	—	9,457
Favorable resolution of tax contingencies	—	(10,873)	—	—	(10,873)
Minority interest expense	557	525	782	511	2,375
Total Income, adjusted	$ 32,538	$ 50,403	$ 47,922	$ 31,598	$ 162,461
Total interest expense, net of tax					25,204
					$ 187,665
Average invested capital					$1,637,539
Adjusted Return on Invested Capital					11.5%
Return on invested capital calculated utilizing net income, as reported is as follows:					
Net income, as reported					$ 258,547
Total interest expense, net of tax					25,204
					$ 283,751
Average invested capital					$1,637,539
Return on Invested Capital					17.3%

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DATE: October 24, 2007

FOR RELEASE: Immediate

Kennametal Announces 2-for-1 Stock Split; Increases Dividend by 14%

LATROBE, Pa., October 24, 2007 — Kennametal Inc. (NYSE: KMT) today announced that its Board of Directors has approved a split of the company's common stock on a two-for-one basis along with a dividend increase of 14 percent.

The stock split will be effected through a stock dividend entitling each shareowner of record to receive one additional share of common stock for every one share owned. Additional shares issued as a result of the stock dividend will be distributed after the close of trading on December 18, 2007, to shareowners of record at the close of business on December 4, 2007. Shareowners do not need to exchange existing stock certificates and will receive a Direct Registration Statement at the time of the split, reflecting the newly issued shares.

"Today's announcement of a stock split and dividend increase reflect the confidence of our Board of Directors and management in Kennametal's growth strategies combined with the long-term business opportunities that lie ahead," commented Kennametal President and CEO Carlos M. Cardoso. "Additionally, we believe that the split will make our stock more attractive to a broader investor base."

Trading of Kennametal shares on a split-adjusted basis will begin on December 19, 2007, and guidance will be adjusted for the two-for-one stock split.

Dividend Increase

Kennametal also announced that its Board of Directors declared a quarterly cash dividend of $0.24 per share on a pre-split basis, which represents an increase of 14 percent. The dividend is payable November 19, 2007 to shareowners of record as of the close of business on November 7, 2007.

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 event. Forward looking statements in this release concern, among other things, Kennametal’s anticipated date the additional shares of common stock will be distributed, confidence in its growth opportunities, and belief that the stock split will make our stock more attractive to a broader investor base, all of which are based on current expectations that involve inherent risks and uncertainties. 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: global and regional economic conditions; availability and cost of the raw materials we use to manufacture our products; our ability to protect our intellectual property in foreign jurisdictions; our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability; energy costs; commodity prices; competition; integrating recent acquisitions, as well as any future acquisitions, and achieving the expected savings and synergies; business divestitures; demands on management resources; future terrorist attacks or acts of war; labor relations; demand for and market acceptance of new and existing products; and implementation of restructuring plans and environmental remediation matters. 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. 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.

Kennametal Inc. (NYSE:KMT) is a leading global supplier of tooling, engineered components and advanced materials consumed in production processes. The company improves customers’ competitiveness by providing superior economic returns through the delivery of application knowledge and advanced technology to master the toughest of materials application demands. Companies producing everything from airframes to coal, from medical implants to oil wells and from turbochargers to motorcycle parts recognize Kennametal for extraordinary contributions to their value chains. Customers buy approximately $2.4 billion annually of Kennametal products and services — delivered by our 14,000 talented employees in over 60 countries — with some 50 percent of these revenues coming from outside the United States. Visit us at www.kennametal.com. [KMT-G]