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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 28, 2014**

**Kennametal Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Pennsylvania**

**1-5318**

**25-0900168**

(State or Other Jurisdiction of Incorporation)

(Commission File Number)

(IRS Employer Identification No.)

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

**15650-0231**

(Address of Principal Executive Offices)

(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 2.02 Results of Operations and Financial Condition**

On October 30, 2014, Kennametal Inc. (Kennametal or the Company) issued an earnings announcement for its fiscal first quarter ended September 30, 2014.

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: sales, operating income and margin, net income, diluted earnings per share (EPS), Industrial sales, Industrial operating income and margin, and Infrastructure sales, Infrastructure operating income and margin. Adjustments include restructuring and related charges and acquisition charges for the three months ended September 30, 2014 and 2013, respectively. Management adjusts for these items in measuring and compensating internal performance and to more readily compare the Company's financial performance period-to-period. The press release also contains free operating cash flow and adjusted return on invested capital (ROIC), which are both non-GAAP measures and are defined below.

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

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

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

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

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

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

**Debt to Capital**

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

**DEBT TO CAPITAL (UNAUDITED)**

(in thousands, except percents)

|                      | <b>September 30,</b> | <b>June 30,</b> |
|----------------------|----------------------|-----------------|
|                      | <b>2014</b>          | <b>2014</b>     |
| Total debt           | \$ 1,015,863         | \$ 1,061,783    |
| Total equity         | 1,954,254            | 1,961,608       |
| Debt to equity, GAAP | 52.0%                | 54.1%           |
| Total debt           | \$ 1,015,863         | \$ 1,061,783    |
| Total equity         | 1,954,254            | 1,961,608       |
| Total capital        | \$ 2,970,117         | \$ 3,023,391    |
| Debt to capital      | 34.2%                | 35.1%           |

**Gross Margin**

The following GAAP financial measures have been presented on an adjusted basis: gross profit and margin. Adjustments include restructuring and related charges for the three months ended September 30, 2014. Management adjusts for these items in measuring and compensating internal performance and to more readily compare the Company's financial performance period-to-period.

**THREE MONTHS ENDED SEPTEMBER 30, 2014****GROSS MARGIN (UNAUDITED)**

|                                   | <b>September 30,</b> |
|-----------------------------------|----------------------|
|                                   | <b>2014</b>          |
| 2015 Reported sales               | \$ 694,941           |
| 2015 Reported gross profit        | 218,099              |
| 2015 Reported gross margin        | 31.4%                |
| Restructuring and related charges | 3,779                |
| 2015 Adjusted gross profit        | \$ 221,878           |
| 2015 Adjusted gross margin        | 31.9%                |

**Operating Expense**

The following GAAP financial measures have been presented on an adjusted basis: operating expense and margin. Adjustments include restructuring and related charges for the three months ended September 30, 2014. Management adjusts for these items in measuring and compensating internal performance and to more readily compare the Company's financial performance period-to-period.

**THREE MONTHS ENDED SEPTEMBER 30, 2014****OPERATING EXPENSE (UNAUDITED)**

|   | <b>September 30,</b> |
|---|----------------------|
|   | <b>2014</b>          |
| 2015 Reported sales                                   | \$ 694,941           |
| 2015 Reported operating expense                       | 148,488              |
| 2015 Reported operating expense as a percent of sales | 21.4%                |
| Restructuring and related charges                     | (2,104)              |
| 2015 Adjusted operating expense                       | \$ 146,384           |
| 2015 Adjusted operating expense as a percent of sales | 21.1%                |

## Item 5.07 Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareowners on October 28, 2014, our Shareowners voted on the election of three directors, the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015, an advisory vote on executive compensation, and an approval of amendments to our Articles of Incorporation and By-Laws to adopt a majority voting standard for director elections and to eliminate cumulative voting. Of the 73,177,966 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.

I. With respect to the votes cast for the re-election of three directors with the terms to expire in 2017:

|                     | For        | Against | Withheld  | Broker Non-Votes |
|---------------------|------------|---------|-----------|------------------|
| Philip A. Dur       | 69,055,304 | —       | 721,254   | 3,401,408        |
| Timothy R. McLevish | 69,041,979 | —       | 734,579   | 3,401,408        |
| Steven H. Wunning   | 67,696,472 | —       | 2,080,086 | 3,401,408        |

The following other directors' terms of office continued after the meeting: Carlos M. Cardoso, Cindy L. Davis, Ronald M. Defeo, William J. Harvey, William R. Newlin, and Lawrence W. Stranghoener.

II. With respect to the ratification of the selection of the firm PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2015:

|                            | For        | Against | Abstained | Broker Non-Votes |
|----------------------------|------------|---------|-----------|------------------|
| PricewaterhouseCoopers LLP | 72,554,758 | 344,074 | 279,134   | —                |

III. With respect to the advisory vote on executive compensation:

|                        | For        | Against   | Abstained | Broker Non-Votes |
|------------------------|------------|-----------|-----------|------------------|
| Executive compensation | 67,283,083 | 1,889,493 | 603,982   | 3,401,408        |

IV. With respect to the approval of amendments to our Articles of Incorporation and By-Laws:

|   | For        | Against   | Abstained | Broker Non-Votes |
|---|------------|-----------|-----------|------------------|
| Amendments to Articles of Incorporation and By-Laws | 65,026,791 | 4,474,699 | 275,068   | 3,401,408        |

## Item 9.01 Financial Statements and Exhibits

(d) Exhibits

3(i) Articles of Incorporation

3(ii) By-Laws

99.1 Fiscal 2015 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.

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Date: October 30, 2014

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By:

/s/ Martha Fusco

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Martha Fusco

Vice President Finance and Corporate  
Controller

**ARTICLES OF INCORPORATION  
OF  
KENNAMETAL INC.**

(as amended pursuant to the Articles of Amendment  
filed with the Pennsylvania Department of State,  
Corporation Bureau, on October 28, 2014)

**FIRST:** The name of the Corporation is Kennametal Inc.

**SECOND:** The address of this corporation's current registered office in this Commonwealth is 1600 Technology Way, Latrobe, Pennsylvania 15650, Westmoreland County.

**THIRD:** The purpose or purposes of the Corporation are to have unlimited power to engage in and to do any lawful act concerning any or all lawful business for which corporations may be incorporated under the Business Corporation Law, approved the 5th day of May, A.D. 1933, P.L. 364, as amended, including but not limited to, manufacturing, processing, research or development, and the business of manufacturing cemented carbide products including tools and related items.

**FOURTH:** The term of its existence is perpetual.

**FIFTH:** The authorized capital stock of the Corporation shall be 120,000,000 shares of Capital Stock of the par value of \$1.25 per share and 5,000,000 shares of Class A Preferred Stock without par value.

A description of each class of shares and a statement of the voting rights, designations, preferences, qualifications, privileges, limitations, options, restrictions, conversion rights and other special or relative rights granted to or imposed upon the shares of each class and of the authority vested in the Board of Directors of the Corporation to establish series of Class A Preferred Stock and to fix and determine the relative rights and preferences as between series of Class A Preferred Stock, and the variations therein, are as follows:

1. The Board of Directors is hereby expressly authorized, at any time or from time to time, to divide any or all of the shares of Class A Preferred Stock into one or more series, and in the resolution or resolutions establishing a particular series, before issuance of any of the shares thereof, to fix and determine the number of shares and the designation of such series, so as to distinguish it from the shares of all other series and classes, and to fix and determine the voting rights, preferences, qualifications, privileges, limitations, options, conversion rights, restrictions, and other special or relative rights of such series. Each of such series may differ from every other series previously authorized, as may be determined by the Board of Directors in any or all respects, to the fullest extent now or hereafter permitted by the laws of the Commonwealth of Pennsylvania, including, but not limited to, the variations between different series in the following respects:

(a) the distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased or decreased (but not below the number of shares thereof then outstanding) from time to time by the Board of Directors;

(b) the annual dividend or dividend rate for such series, and the date or dates from which dividends shall commence to accrue;

(c) the price or prices at which, and the terms and conditions on which, if any, the shares of such series may be redeemed or made redeemable;

(d) the purchase or sinking fund provisions, if any, for the purchase or redemption of shares of such series;

(e) the preferential amount or amounts, if any, payable upon shares of such series in the event of liquidation, dissolution, or winding up of the Corporation;

(f) the voting rights, if any, of the shares of such series; provided, that exclusive of any other voting rights fixed and determined for shares of Class A Preferred Stock or any series thereof, and solely for purposes of determining, in connection with a stockholder vote required by Article SEVENTH, Article EIGHTH, Article NINTH or Article TENTH, (i) the outstanding stock of the Corporation entitled to vote and (ii) the percentage thereof that is voted affirmatively by the holders thereof, the portions of such outstanding stock and of such percentage thereof respectively, that are represented by the holders of outstanding shares of Class A Preferred Stock shall be determined on the basis of (i) the aggregate number of votes, if any, that the holders of all outstanding shares of Class A Preferred Stock are entitled to cast and (ii) the aggregate number of votes, if any, that the holders of all outstanding shares of Class A Preferred Stock affirmatively do cast, respectively, in connection with a stockholder vote required by Article SEVENTH, Article EIGHTH, Article NINTH or Article TENTH;

(g) the terms and conditions, if any, upon which shares of such series may be converted and the class or classes or series of shares of the Corporation or other securities into which such shares may be converted;

(h) the relative seniority, priority or junior rank of such series as to dividends or assets with respect to any other classes or series of capital stock then or thereafter to be issued; and

(i) such other terms, preferences, qualifications, privileges, limitations, options, restrictions, and other special rights, if any, of shares of such series as the Board of Directors may, at the time of such resolution or resolutions, lawfully fix or determine under the laws of the Commonwealth of Pennsylvania.

All shares within each series of Class A Preferred Stock shall be alike in every particular, except with respect to the dates from which dividends, if any, shall commence to accrue.

2. Unless otherwise provided by law, the Articles of Incorporation or the By-laws of the Corporation, or in a resolution or resolutions establishing any particular series of Class A Preferred Stock, the aggregate number of authorized shares of Class A Preferred Stock may be increased by an amendment to the Articles of Incorporation approved solely by a majority vote of the outstanding shares of Capital Stock.

3. The Board of Directors may in its discretion, at any time or from time to time, issue or cause to be issued all or any part of the authorized and unissued shares of Class A Preferred Stock or all or any part of the authorized and unissued shares of Capital Stock for consideration of such character and value as the Board of Directors shall from time to time fix or determine.

4. [The holders of Capital Stock shall have one vote per share.] Except as otherwise provided in this Article FIFTH, the holders of Capital Stock shall have exclusive voting rights for the election of directors and all other purposes and shall have one vote per share. A nominee for director shall be elected to the Board of Directors of the Corporation at a meeting of shareholders if the votes cast "FOR" such nominee by the shareholders entitled to vote in the election exceeds the votes cast "AGAINST" such nominee; provided that if the number of nominees exceeds the number of directors to be elected, then the nominees receiving the highest number of votes up to the number of directors to be elected shall be elected. Abstentions are not counted as votes cast in the election of directors. No shareholder shall, in any election of directors, have any right to cumulate his votes and cast them for one candidate or distribute them among two or more candidates. Any nominee for director who is not an incumbent director and is not so elected shall not take office. Any incumbent director nominated for re-election but not so elected shall, in the event such director's successor shall not have been selected and qualified, tender the director's resignation for consideration by the Board of Directors. The Nominating/Governance Committee is then required to recommend to the Board of Directors the action to be taken with respect to the resignation, and the Board is required to act on the resignation, in each case within a reasonable period of time.

5. The Capital Stock shall be subject to the prior rights of holders of any series of Class A Preferred Stock outstanding, according to the preferences, if any, of such series.

6. The Corporation may issue shares of stock, option rights, or securities having conversion or option rights, without first offering them to the holders of Class A Preferred Stock or Capital Stock.

**SIXTH:** The Board of Directors of the Corporation, when evaluating any offer of another party to (a) make a tender or exchange offer for any equity security of the Corporation, (b) merge or consolidate the Corporation with another corporation or other person, or (c) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, shall, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its stockholders, give due consideration to all relevant factors, including without limitation the social and economic effects on the employees, suppliers and other constituents of the Corporation and its subsidiaries and on the communities in which the Corporation and its subsidiaries operate or are located.

**SEVENTH:** (a) Except as set forth in paragraph (b) of this Article Seventh, the affirmative vote of the holders of seventy-five percent (75%) of the outstanding stock of the Corporation entitled to vote shall be required for:

(i) any merger or consolidation to which the Corporation, or any of its subsidiaries, and an Interested Person (as hereinafter defined) are parties;



(ii) any sale or other disposition by the Corporation, or any of its subsidiaries, of all or substantially all of the assets of the Corporation or any of its subsidiaries to an Interested Person;

(iii) any purchase or other acquisition by the Corporation, or any of its subsidiaries, of all or substantially all of the assets or stock of an Interested Person; and

(iv) any other transaction with an Interested Person which requires the approval of the stockholders of the Corporation under the Pennsylvania Business Corporation Law, as in effect from time to time.

(b) The provisions of paragraph (a) of this Article Seventh shall not be applicable to any transaction described therein, if such transaction is approved by resolution of the Board of Directors of the Corporation, provided that a majority of the members of the Board of Directors voting for the approval of such transaction were duly elected and acting members of the Board of Directors prior to the date that the person, firm or corporation, or any group thereof, with whom such transaction is proposed, became an Interested Person.

(c) As used in this Article Seventh, the term "Interested Person" shall mean any person, firm or corporation, or any group thereof acting or intending to act in concert, including any person directly or indirectly controlling or controlled by or under direct or indirect common control with such person, firm or corporation or group, which owns of record or beneficially, directly or indirectly, five percent (5%) or more of any class of voting securities of the Corporation. The Board of Directors' determination of who constitutes an Interested Person within the meaning of this provision shall be conclusive.

(d) The affirmative vote of the holders of seventy-five percent (75%) of the outstanding stock of the Corporation entitled to vote shall be required to amend, alter or repeal this Article Seventh.

**EIGHTH:** (a) An affirmative vote of the holders of seventy-five (75%) of the outstanding stock of the Corporation entitled to vote shall be required for:

(i) The removal of the entire Board of Directors, a class of the Board of Directors or any individual director without assigning any cause; and

(ii) Increasing the size of the Board to more than twelve, or decreasing the size of the Board to fewer than eight, members.

(b) The affirmative vote of the holders of seventy-five percent (75%) of the outstanding stock of the Corporation entitled to vote shall be required to amend, alter or repeal this Article Eighth.

(c) Any reclassification of the Board of Directors or decrease in its size which would have the effect of eliminating the seat of an existing director shall be considered the removal of a director and within the voting requirements of this provision.

**NINTH:** (a) Any purchase by the Corporation, directly or indirectly, of shares of Voting Stock (as hereinafter defined) from a 4% Shareholder (as hereinafter defined) at a price per share in excess of the Market Price (as hereinafter defined) at the time of such purchase shall, except as hereinafter expressly provided, require the affirmative vote of the holders of that amount of the voting power of the then outstanding shares of Voting Stock equal to the sum of (i) the voting power of the shares of Voting Stock of which such 4% Shareholder is the beneficial owner (as hereinafter defined) and (ii) a majority of the voting power of the remaining outstanding shares of Voting Stock, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or any agreement with any national securities exchange, or otherwise.

(b) The provisions of paragraph (a) of this Article Ninth shall not be applicable to (i) any offer to purchase made by the Corporation which is made on the same terms and conditions to all holders of the same class of Voting Stock as those so purchased, (ii) any transaction which may be deemed to be a purchase by the Corporation of Voting Stock which is made in connection with the terms or operation of any stock option or other employee benefit plan now or hereafter maintained by the Corporation, or (iii) any purchase by the Corporation of Voting Stock on the open market and not as a result of a privately negotiated transaction.

(c) For purposes of this Article Ninth:

(i) A “person” shall mean any individual, firm, corporation, partnership, trust or other entity.

(ii) “Voting Stock” shall mean the outstanding shares of all classes or series of authorized capital stock of the Corporation entitled to vote generally in the election of directors.

(iii) “4% Shareholder” shall mean any person (other than the Corporation or any corporation of which a majority of any class or series of equity security is owned, directly or indirectly, by the Corporation), including any group formed for the purpose of acquiring, holding or voting Voting Stock, who or which is the beneficial owner, directly or indirectly, of at least 4% of the voting power of the outstanding Voting Stock and became such beneficial owner within two years prior to the date of the purchase referred to in paragraph (a) of this Article Ninth or any agreement in respect thereof.

(iv) A person shall be a “beneficial owner” of any Voting Stock which such person directly or indirectly, beneficially or of record, owns or controls by agreement, understanding, voting trust or otherwise.

(v) For purposes of determining whether a person is a 4% Shareholder pursuant to paragraph (c)(iii) of this Article Ninth, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (c)(iv) of this Article Ninth but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(vi) "Market Price" means the last closing sale price immediately preceding the time in question of a share of the stock in question on the Composite Tape for New York Stock Exchange Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States Securities Exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such Exchange, the last closing bid quotation with respect to a share of such stock immediately preceding the time in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use (or any other system of reporting or ascertaining quotations then available), or if such stock is not quoted, the fair market value at the time in question of a share of such stock as determined by the Board in good faith.

(vii) "Disinterested Director" means (A) any member of the Board of Directors of the Corporation (the "Board") who neither is a director or officer of, has a material equity interest in, nor is, the 4% Shareholder referred to in paragraph (a) of this Article Ninth and who was a member of the Board more than two years prior to the date of the purchase referred to in paragraph (a) of this Article Ninth, and (B) any successor of a Disinterested Director who was not nominated for election as a director by the 4% Shareholder referred to in paragraph (a) of this Article Ninth and who is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board.

(d) A majority of the Disinterested Directors of the Corporation shall have the power and duty to determine for purposes of this Article Ninth, on the basis of information known to them after reasonable inquiry, (i) whether a person is a 4% Shareholder, (ii) the number of shares of Voting Stock beneficially owned by any person, (iii) whether a price is in excess of the Market Price, and (iv) such other matters with respect to which a determination is required under this Article Ninth. The good faith determination of a majority of the Disinterested Directors shall be conclusive and binding for all purposes of this Article Ninth.

**TENTH:** (a) In addition to any affirmative vote required by law, the Articles of Incorporation, or the By-laws of the Corporation, Business Combinations with an Interested Shareholder shall require the affirmative vote of at least a majority of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock other than the Interested Shareholder, voting together as a single class; provided, however, that such affirmative vote shall not be required and such Business Combination shall require only the affirmative vote, if any, required by law, the Articles of Incorporation, or the By-laws of the Corporation if:

(i) The Business Combination shall have been approved by a majority of Disinterested Directors; or

(ii) All of the following six conditions shall have been met:

(A) The transaction constituting the Business Combination shall provide for a consideration to be received by holders of Capital Stock in exchange for their stock, and the aggregate amount of the cash consideration and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be

received per share by holders of Capital Stock in such Business Combination shall be at least equal to the highest of the following:

(I) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes, and soliciting dealers' fees) paid by the Interested Shareholder in order to acquire any shares of Capital Stock beneficially owned by the Interested Shareholder which were acquired (x) within the two-year period immediately prior to the first public announcement of the proposed Business Combination (the "Announcement Date") or (y) in the transaction in which the Interested Shareholder became an Interested Shareholder, whichever is higher;

(II) The Fair Market Value per share of Capital Stock on the Announcement Date or on the date on which the Interested Shareholder became an Interested Shareholder (the "Determination Date"), whichever is higher;

(III) the highest Fair Market Value per share of Capital Stock for the two years immediately preceding the Announcement Date, where the closing sale price is determined for each trading day without reference to the immediately preceding 30-day period; and

(IV) (if applicable) the price per share equal to the Fair Market Value per share of Capital Stock determined pursuant to clause (II) preceding, multiplied by the ratio of (x) the highest per share price (including any brokerage commissions, transfer taxes, and soliciting dealers' fees) paid in order to acquire any shares of Capital Stock beneficially owned by the Interested Shareholder which were acquired within the two-year period immediately prior to the Announcement Date to (y) the Fair Market Value per share of Capital Stock on the first day in such two-year period on which the Interested Shareholder beneficially owned any shares of Capital Stock.

All per share prices shall be adjusted to reflect any intervening stock splits, stock dividends, and reverse stock splits.

(B) If the transaction constituting the Business Combination shall provide for a consideration to be received by holders of any class of outstanding Voting Stock other than Capital Stock, the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of such Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this clause (ii)(B) shall be required to be met with respect to every such class of outstanding Voting Stock whether or not the Interested Shareholder beneficially owns any shares of a particular class of such Voting Stock):

(I) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes, and soliciting dealers' fees) paid by the Interested Shareholder in order to acquire any shares of such class of Voting Stock beneficially owned by the Interested Shareholder which were acquired (x) within the two-year

period immediately prior to the Announcement Date or (y) in the transaction in which the Interested Shareholder became an Interested Shareholder, whichever is higher;

(II) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any liquidation, dissolution, or winding up of the Corporation;

(III) the highest Fair Market Value per share of such class of Voting Stock for the two years immediately preceding the Announcement Date, where the closing sale price is determined for each trading day without reference to the immediately preceding 30-day period;

(IV) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(V) (if applicable) the price per share equal to the Fair Market Value per share of such class of Voting Stock determined pursuant to clause (IV) immediately preceding, multiplied by the ratio of (x) the highest per share price (including any brokerage commissions, transfer taxes, and soliciting dealers' fees) paid in order to acquire any shares of such class of Voting Stock beneficially owned by the Interested Shareholder which were acquired within the two-year period immediately prior to the Announcement Date to (y) the Fair Market Value per share of such class of Voting Stock on the first day in such two-year period on which the Interested Shareholder beneficially owned any share of such class of Voting Stock.

All per share prices shall be adjusted to reflect any intervening stock splits, stock dividends, and reverse stock splits.

(C) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Capital Stock) shall be in cash or in the same form as was previously paid in order to acquire shares of such class of Voting Stock which are beneficially owned by the Interested Shareholder. If the Interested Shareholder beneficially owns shares of any class of Voting Stock which were acquired with varying forms of consideration, the form of consideration to be received by holders of such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock beneficially owned by the Interested Shareholder.

(D) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination:

(I) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding preferred stock;

(II) there shall have been (x) no reduction in the annual rate of dividends paid on the Capital Stock (except as necessary to reflect any subdivision of the Capital

Stock), except as approved by a majority of the Disinterested Directors, and (y) an increase in such annual rate of dividends (as necessary to prevent any such reduction) in the event of any reclassification (including any reverse stock split), recapitalization, reorganization, or any similar transaction which has the effect of reducing the number of outstanding shares of the Capital Stock, unless the failure to so increase such annual rate is approved by a majority of the Disinterested Directors; and

(III) such Interested Shareholder shall not have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction in which such Interested Shareholder became an Interested Shareholder.

(E) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges, or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with a Business Combination or otherwise.

(F) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public shareholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(b) For purposes of this Article Tenth:

(i) The term “Business Combination” shall mean:

(A) any merger or consolidation of the Corporation or any Subsidiary with (I) any Interested Shareholder or with (II) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate or Associate of an Interested Shareholder;

(B) any sale, lease, exchange, mortgage, pledge, transfer, or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder and/or any Affiliate or Associate of any Interested Shareholder of any assets of the Corporation or any Subsidiary thereof having an aggregate Fair Market Value of, equal to or in excess of a Substantial Part of the assets of the Corporation;

(C) the issuance, exchange, sale, or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Shareholder and/or any Affiliate or Associate of any Interested Shareholder in exchange for cash, securities, or other consideration (or a

combination thereof) having an aggregate Fair Market Value of, equal to or in excess of a Substantial Part of the assets of the Corporation;

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder; or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries which involves or is proposed by or on behalf of any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder and has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity securities or securities convertible into equity securities of the Corporation or any Subsidiary which is directly or indirectly owned by an Interested Shareholder or any Affiliate or Associate of any Interested Shareholder.

(ii) The term “person” shall mean any individual, firm, corporation, partnership, trust or other entity.

(iii) The term “Interested Shareholder” at any particular time shall mean any person (other than the Corporation or any Subsidiary and other than any profit sharing, employee stock ownership, or other employee benefit plan of the Corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which:

(A) is at such time the beneficial owner, directly or indirectly, of more than ten percent (10%) of the voting power of the outstanding Voting Stock;

(B) was at any time within the two-year period immediately prior to such time the beneficial owner, directly or indirectly, of more than ten percent (10%) of the voting power of the then outstanding Voting Stock; or

(C) is at such time an assignee of or has otherwise succeeded to the beneficial ownership of any shares of Voting Stock which were at any time within two years prior to such time beneficially owned by any Interested Shareholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933, as amended.

(iv) A person shall be a “beneficial owner” of any Voting Stock:

(A) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly, within the meaning of Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, as in effect on September 1, 1988;

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether or not such right is exercisable immediately or only after the passage

of time) pursuant to any agreement, arrangement, or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement, or understanding; or

(C) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of any shares of Voting Stock.

(v) For the purposes of determining whether a person is an Interested Shareholder pursuant to Section (b)(iii) of this Article Tenth, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned by an Interested Shareholder through application of Section (b)(iv) of this Article Tenth but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, warrants or options, or otherwise.

(vi) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, as in effect on September 1, 1988 (the term "registrant" in said Rule 12b-2 meaning in this case the Corporation).

(vii) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Interested Shareholder set forth in Section (b)(iii) of this Article Tenth the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(viii) "Disinterested Director" means any member of the Board of Directors of the Corporation (the "Board") who is unaffiliated with, and not a representative of, an Interested Shareholder and who was a member of the Board prior to the time that the Interested Shareholder become an Interested Shareholder and any successor of a Disinterested Director who is unaffiliated with, and not a representative of, the Interested Shareholder and is recommended or elected to succeed a Disinterested Director by a majority of the Disinterested Directors then on the Board.

(ix) "Fair Market Value" means: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended, on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc., Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board of Directors in good faith



with the approval of at least a majority of the Disinterested Directors in the determination made; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board of Directors in good faith with the approval of at least a majority of the Disinterested Directors in the determination made.

(x) In the event of any Business Combination in which the Corporation survives, the phrase “consideration other than cash to be received” as used in Section (a)(ii) of this Article Tenth shall include the shares of Capital Stock and/or the shares of any class of outstanding Voting Stock retained by the holders of such shares.

(xi) A “Substantial Part of the assets of the Corporation” shall mean more than twenty-five percent (25%) of the fair market value of the total assets of the Corporation as of the end of its most recent fiscal quarter ending prior to the time the determination is made.

(xii) The term “Voting Stock” shall mean the outstanding shares of all classes or series of authorized capital stock of the Corporation entitled to vote generally in the election of directors.

(xiii) The term “Capital Stock” shall mean the outstanding shares of the Capital Stock of the par value of \$1.25 per share and shall also mean any class of common stock which may be authorized under the Articles of Incorporation.

(c) A majority of the Disinterested Directors shall have the power and duty to determine for the purposes of this Article Tenth, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article Tenth, including without limitation (i) whether a person is an Interested Shareholder, (ii) the number of shares of Voting Stock beneficially owned by any person, (iii) whether a person is an Affiliate or Associate of another, (iv) whether the applicable conditions set forth in Section (a)(ii) of this Article Tenth have been met with respect to any Business Combination, and (v) whether the assets which are the subject of any Business Combination equal or exceed, or whether the consideration to be received from the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Combination equals or exceeds, a Substantial Part of the assets of the Corporation. Any such determination made in good faith shall be binding and conclusive on all parties.

(d) Nothing contained in this Article Tenth shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

(e) Unless otherwise clear from the context, all terms used in this Article Tenth shall have the meanings given to them in this Article Tenth. The masculine gender shall include the feminine and neuter genders, and vice versa; and the singular shall include the plural, and vice versa.

(f) Notwithstanding any other provisions of law, the Articles of Incorporation, or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of shareholders entitled to cast at least eighty percent (80%) of the votes which all shareholders would be entitled to cast at an annual election of directors, voting together

as a single class, shall be required to amend, alter, or repeal, or to adopt any provision inconsistent with, this Article Tenth.

**BY-LAWS**

**OF**

**KENNAMETAL INC.**

As Amended Through October 28, 2014

Article I

Office

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

Article II

Seal

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

Article III

Shareholders' Meetings

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

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

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

Section 4. NOTICE. Except as provided in this Section 4, written notice of every meeting of the shareholders shall be given by, or at the direction of, the secretary or other authorized person or, if they neglect or refuse to do so, may be given by the person or persons calling the meeting, to each shareholder of record entitled to vote at the meeting, at least five (5) days prior to the day named for a meeting, unless a greater period of notice is required by statute in the particular case. The notice of meeting shall specify the place, day and hour of the meeting and, in the case of a special meeting, the general nature of the business to be transacted, and, if applicable, the notice shall state that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of the By-Laws in which case the notice shall include, or be accompanied by, a copy of the proposed amendment or a summary of the changes to be effected thereby.

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

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

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

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

Section 7. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof. Failure to comply with the requirements of this By-Law shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any shareholder entitled to vote thereat to examine the list.

#### Section 8. NOMINATING AND PROPOSAL PROCEDURES.

##### (a) Annual Meeting of Shareholders.

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

(2) Subject to Section 8(d)(3) of this Article III, for nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (b) of Section 8(a)(1) of this Article III, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than (i) for an annual meeting to be held during the month of October of any year, prior to the 1st day of July, but not before the first day of May, immediately preceding such October meeting, (ii) for an annual meeting to be held during the month of November of any year, prior to the 1st day of August, but not before the first day of June, immediately preceding such November meeting and (iii) for an annual meeting to be held on any other date for which the Corporation gives at least 90 days prior notice of such date to shareholders, not less than 50 nor more than 75 days prior to such meeting or (iv) for any other annual meeting, the close of business on the tenth day after public announcement of the date of such meeting is first made. In no event shall the public

announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth or include: (x) as to each person whom the shareholder proposes to nominate for election or reelection as a director (i) all information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in an election contest, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and the beneficial owner, if any, on whose behalf the nomination is made, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the shareholder making the nomination and the beneficial owner, if any, on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such Item and the nominee were a director or executive officer of such registrant, (iii) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation and agreement required by Section 8(c) of this Article III, and (iv) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee; (y) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-Laws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting, any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made and a description of all agreements, arrangements and understandings between such shareholder and such beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder; and (z) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) (A) the class and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such shareholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder has a right to vote any shares of any security of the Company, (D) any short interest in any security of the Company (for purposes of these By-Laws a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership and (G) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such shareholder's immediate family sharing the same household, (iii) any other information relating to such shareholder and such beneficial owner, if any, that would be required to be disclosed

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

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

(b) Special Meetings of Shareholders.

Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the shareholder's notice required by Section 8(a)(2) of this Article III with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 8(c) of this Article III) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a shareholder's notice as described above. This paragraph (b) shall be the exclusive means for a shareholder to make nominations or other business proposals before a special meeting of shareholders (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

(c) Submission of Questionnaire, Representation and Agreement.

To be eligible to be a nominee of a shareholder for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 8(a)(1)(b) or Section 8(b) of this Article III) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualifications of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form

provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation and (D) will abide by the requirements these By-Laws.

(d) General.

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

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

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

Section 9. ELECTION OF DIRECTORS. Election of directors need not be by ballot, except upon demand by a shareholder made at the election and before the voting begins. [In each election for directors every shareholder entitled to vote shall have the right in person or by proxy to multiply the number of shares which the shareholder is entitled to vote by the number of directors to be elected in that election, and cast the whole number of votes so determined for one candidate or distribute them among any two or more candidates in that election.] No shareholder shall, in any election of directors, have any right to cumulate his votes and cast them for one candidate or distribute them among two or more candidates.

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

Section 11. PROXIES. Every proxy shall be executed or authenticated by the shareholder, or by his duly authorized attorney in-fact, and shall be filed with or transmitted to the Secretary of the Corporation before being voted. A shareholder or his duly authorized attorney in-fact may execute or authenticate a writing or transmit an electronic message authorizing another person to act for him by proxy. A telegram, telex, cablegram, datagram, e-mail or Internet communication or other similar means of electronic transmission

from a shareholder or attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a shareholder or attorney-in-fact shall be treated as properly executed for purposes of this section; provided such transmission or reproduction sets forth a confidential and unique identification number or other mark furnished by the Corporation to the shareholder for the purposes of a particular meeting or transaction.

Section 12. JUDGES OF ELECTION. In advance of any meeting of shareholders, the Board of Directors may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of any such meeting may, and on the request of any shareholder shall, make such appointment at the meeting. The number of judges shall be one or three. No person who is a candidate for office to be filled at the meeting shall act as a judge. In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting or at the meeting by the presiding officer thereof. The judge or judges of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, shall receive votes or ballots, shall hear and determine all challenges and questions in any way arising in connection with the right to vote, shall count and tabulate all votes and determine the result and shall do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judge or judges of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. On request of the presiding officer of the meeting, or of any shareholder, the judge or judges shall make a report in writing of any challenge or question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

Article IV  
Directors

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

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

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

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



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

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

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

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

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

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

Article V  
Officers and Board Chairman

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

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

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

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

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

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

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

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

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

Article VI  
Share Certificates and Transfers

Section 1. SHARE CERTIFICATES. Shares of the capital stock of the Corporation may be certificated or uncertificated, as provided under the Business Corporation Law of the Commonwealth of Pennsylvania.

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

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

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

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

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

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

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

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

or take action with respect to any other matter. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights or to receive or take action with respect to any other matter as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid.

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

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

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

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

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

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

Article VIII  
Fiscal Year

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

Article IX  
Limitation of Director's Liability and Indemnification

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

Section 2. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

(a) Right to Indemnification.

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

(b) Right of Claimant to Bring Suit.

If a claim under paragraph (a) of this section is not paid in full by the Corporation within forty-five (45) days after a written claim has been received by the Corporation, the claimant may, at any time thereafter,

bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim.

(c) Non-Exclusivity of Rights.

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

(d) Funding.

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

Article X  
Resignations

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

Article XI  
Amendments

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

Article XII  
Miscellaneous

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

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

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

## PRESS RELEASE

**FOR IMMEDIATE RELEASE:**

DATE: October 30, 2014

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**KENNAMETAL ANNOUNCES FISCAL FIRST QUARTER 2015 RESULTS**

- Total sales growth of 12 percent; organic sales growth of 1 percent
- Reported EPS of \$0.49; adjusted EPS of \$0.56
- Strong operating cash flow of \$43 million
- Restructuring and related charges of \$7 million
- Total expected restructuring benefits now range from \$50 million to \$55 million and total charges expected to range from \$55 million to \$60 million

LATROBE, Pa., (October 30, 2014) – Kennametal Inc. (NYSE: KMT) today reported results for the fiscal first-quarter 2015, with earnings per diluted share (EPS) of \$0.49, compared with the prior year quarter EPS of \$0.48. The current quarter adjusted EPS were \$0.56 absent restructuring and related charges, compared with prior year's adjusted EPS of \$0.49 excluding acquisition charges.

Carlos Cardoso, Kennametal Chairman and Chief Executive Officer said, "September quarter sales growth was driven by ongoing demand strength in our Industrial segment; however, our Infrastructure business was challenged by continued weak conditions in underground mining and road construction, partially offset by modest improvement in the oil and gas sector. We are pleased to have made significant progress in integrating the Tungsten Materials Business, and we are accelerating measures to reduce costs and improve efficiencies that should position Kennametal for improved profitability."

**Fiscal 2015 First Quarter Key Developments**

- Sales were \$695 million, compared with \$620 million in the same quarter last year. Sales increased by 12 percent, reflecting increases of 10 percent from the TMB acquisition, 1 percent from organic growth and 1 percent due to favorable currency exchange.
- Operating income was \$61 million, compared with \$59 million in the same quarter last year. Operating income increased primarily due to the TMB acquisition and organic sales growth, partially offset by unfavorable mix in Infrastructure and higher employment costs overall. Operating income also included \$7 million of restructuring and related charges, primarily due to equipment relocation and facility expenses. Prior year operating income included a non-recurring inventory charge of approximately \$6 million and \$1 million of acquisition-related expenses. Adjusted operating margin was 9.9 percent, compared with an adjusted operating margin of 9.7 percent in the prior year.

- Restructuring and related charges amounted to \$7 million pre-tax, or \$0.07 per share, and pre-tax benefits from these restructuring actions reached approximately \$5 million in the current quarter. In fiscal 2015, the expected restructuring pre-tax benefits have been increased to \$20 million to \$25 million. Total restructuring pre-tax benefits are now estimated to be in the range of \$50 million to \$55 million, and total pre-tax charges are projected to be in the range of \$55 million to \$60 million through fiscal 2016, which is consistent with the previously stated period.
- The effective tax rate was 26.5 percent, compared with 24.6 percent in the prior year. The increase was primarily driven by losses in certain jurisdictions that do not provide a tax benefit, as well as the effect of certain tax provisions that expired after fiscal 2014.
- EPS were \$0.49, consistent with the prior year quarter EPS of \$0.48. The current year quarter included restructuring and related charges of \$0.07 per share. The prior year quarter included acquisition-related charges of \$0.01 per share. TMB contributed \$0.07 per share in the quarter.
- Adjusted return on invested capital (ROIC) was 7.6 percent as of September 30, 2014 and reflects increased debt in the near term from recent acquisitions.
- The company generated \$43 million in cash flow from operating activities, compared with \$44 million in the prior year period. Net capital expenditures were \$30 million and \$25 million for the three months ended September 30, 2014 and 2013, respectively. The company realized free operating cash flow of \$12 million compared with \$20 million for the same period last year.

### **Segment Developments for the Fiscal 2015 First Quarter**

- Industrial segment sales of \$378 million increased 12 percent from \$338 million in the prior year quarter due to increases of 6 percent from the TMB acquisition, 5 percent from organic growth and 1 percent due to favorable currency exchange. Sales increased by 9 percent in general engineering, 7 percent in transportation and decreased slightly by 1 percent in aerospace and defense. General engineering increased due to improvements in production and overall demand for machinery and the transportation market increased due to improvement in the light vehicle market. On a regional basis excluding TMB, sales increased approximately 8 percent in Asia, 7 percent in the Americas and 1 percent in Europe.
- Industrial segment operating income was \$44 million compared with \$40 million in the prior year. Excluding restructuring and related charges, adjusted operating income of \$49 million benefited primarily from the TMB acquisition and organic growth in the current period, partially offset by higher employment costs. Industrial adjusted operating margin was 13.1 percent compared with reported operating margin of 11.8 percent in the prior year.
- Infrastructure segment sales of \$317 million increased 13 percent from \$282 million in the prior year. The increase was driven by a 16 percent increase from the TMB acquisition partially offset by a 3 percent organic sales decline. Sales increased by 2 percent in energy, offset by decreased sales of 6 percent in earthworks. Energy sales improved modestly due to increased drilling activity in oil and gas in North America. Earthworks sales declined from persistently weak underground coal mining markets globally, as well as lower road construction activity. On a regional basis excluding TMB, sales decreased 10 percent in Europe and 7 percent in Asia, partially offset by a 2 percent increase in the Americas.
- Infrastructure segment operating income was \$19 million, compared with \$22 million in the same quarter of the prior year. Operating income decreased due to lower organic sales as well as an unfavorable mix and higher employment costs, partly offset by the TMB acquisition. Prior year operating income included a non-recurring inventory charge of approximately \$6 million. Infrastructure adjusted operating margin was 6.7 percent compared with reported operating margin of 7.7 percent in the prior year.

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



## **Outlook**

Kennametal is updating its outlook due to weaker economic conditions anticipated for the remainder of fiscal 2015. Key factors include softer customer demand in the Eurozone, lower drilling activity in the oil and gas sector, as well as a continued decline in underground mining production levels.

The company now expects fiscal 2015 total sales growth in the range of 2 to 4 percent, with organic sales growth of 1 to 3 percent. Previously, the company had forecast total sales growth in the range of 5 to 7 percent, with organic sales growth of 3 to 5 percent.

As a result, the company has reduced its EPS guidance for fiscal 2015 in the range of \$2.80 to \$3.00, compared with its previous expectation of \$2.90 to \$3.20.

The company expects to generate cash flow from operations between \$280 million and \$310 million for fiscal 2015, compared with its previous outlook of \$290 million to \$320 million. The revised cash flow from operations range is based on anticipated capital expenditures of approximately \$110 million to \$120 million, and the company now expects to generate between \$170 million and \$190 million of free operating cash flow for the fiscal year.

## **Dividend Declared**

Kennametal also announced that its board of directors declared a quarterly cash dividend of \$0.18 per share. The dividend is payable November 25, 2014 to shareowners of record as of the close of business on November 11, 2014.

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

The company will discuss its fiscal 2015 first-quarter results in a live webcast at 10:00 a.m. Eastern Time today. This event will be broadcast live on the company's website, [www.kennametal.com](http://www.kennametal.com). To access the webcast, select "Investor Relations" and then "Events." A recorded replay of this event also will be available on the company's website through November 30, 2014.

*Certain statements in this release may be forward-looking in nature, or "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal's outlook for earnings, sales volumes, and cash flow for fiscal year 2014 and our expectations regarding future growth and financial performance are forward-looking statements. Any forward looking statements are based on current knowledge, expectations and estimates that involve inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, our actual results could vary materially from our current expectations. There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements. They include: economic recession; availability and cost of the raw materials we use to manufacture our products; our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability; changes in the regulatory environment in which we operate, including environmental, health and safety regulations; our ability to protect and defend our intellectual property; competition; our ability to retain our management and employees; demands on management resources; demand for and market acceptance of our products; integrating acquisitions and achieving the expected savings and synergies; business divestitures; global or regional catastrophic events; energy costs; commodity prices; labor relations; demand for and market acceptance of new and existing products; and implementation of environmental remediation matters. Many of these risks 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 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.*

Celebrating more than 75 years as an industrial technology leader, Kennametal Inc. delivers productivity to customers seeking peak performance in demanding environments. The company provides innovative wear-resistant products, application engineering and services backed by advanced material science, serving customers in 60 countries across diverse sectors of aerospace, earthworks, energy, industrial production, transportation and infrastructure. With approximately 14,000 employees and nearly \$3 billion in sales, the company realizes half of its revenue from outside North America, and over 40% globally from innovations introduced in the past five years. Recognized among the "World's Most Ethical Companies" (Ethisphere); "Outstanding Corporate Innovator" (Product Development Management Association); and "America's Safest Companies" (EHS Today) with a focus on 100% safety, Kennametal and its foundation invest in technical education, industrial technologies and material science to deliver the promise of progress and economic prosperity to people everywhere. For more information, visit the company's website at [www.kennametal.com](http://www.kennametal.com).

**FINANCIAL HIGHLIGHTS**

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

| (in thousands, except per share amounts)                     | Three Months Ended<br>September 30, |            |
|--|-------------------------------------|------------|
|  | 2014                                | 2013       |
| Sales  | \$ 694,941                          | \$ 619,808 |
| Cost of goods sold   | 476,842                             | 421,571    |
| Gross profit   | 218,099                             | 198,237    |
| Operating expense  | 148,488                             | 134,264    |
| Restructuring charges  | 1,563                               | —          |
| Amortization of intangibles                                  | 7,027                               | 5,143      |
| Operating income   | 61,021                              | 58,830     |
| Interest expense   | 8,210                               | 7,081      |
| Other (income) expense, net                                  | (1,813)                             | 611        |
| Income from continuing operations before income taxes        | 54,624                              | 51,138     |
| Provision for income taxes                                   | 14,497                              | 12,580     |
| Net income   | 40,127                              | 38,558     |
| Less: Net income attributable to noncontrolling interests    | 639                                 | 721        |
| Net income attributable to Kennametal                        | \$ 39,488                           | \$ 37,837  |
| <b>PER SHARE DATA ATTRIBUTABLE TO KENNAMETAL SHAREOWNERS</b> |                                     |            |
| Basic earnings per share                                     | \$ 0.50                             | \$ 0.48    |
| Diluted earnings per share                                   | \$ 0.49                             | \$ 0.48    |
| Dividends per share  | \$ 0.18                             | \$ 0.18    |
| Basic weighted average shares outstanding                    | 79,114                              | 78,439     |
| Diluted weighted average shares outstanding                  | 79,933                              | 79,470     |

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| (in thousands)   | September 30,<br>2014 | June 30,<br>2014    |
|--|-----------------------|---------------------|
| <b>ASSETS</b>  |                       |                     |
| Cash and cash equivalents  | \$ 156,194            | \$ 177,929          |
| Accounts receivable, net   | 488,423               | 531,515             |
| Inventories  | 709,925               | 703,766             |
| Other current assets   | 109,811               | 111,986             |
| <b>Total current assets</b>  | <b>1,464,353</b>      | <b>1,525,196</b>    |
| Property, plant and equipment, net   | 858,683               | 884,458             |
| Goodwill and other intangible assets, net  | 1,288,564             | 1,318,752           |
| Other assets   | 140,213               | 139,680             |
| <b>Total assets</b>  | <b>\$ 3,751,813</b>   | <b>\$ 3,868,086</b> |
| <b>LIABILITIES</b>   |                       |                     |
| Current maturities of long-term debt and capital leases, including notes payable | \$ 107,258            | \$ 80,117           |
| Accounts payable   | 188,999               | 206,891             |
| Other current liabilities  | 242,114               | 275,748             |
| <b>Total current liabilities</b>   | <b>538,371</b>        | <b>562,756</b>      |
| Long-term debt and capital leases  | 908,605               | 981,666             |
| Other liabilities  | 350,583               | 362,056             |
| <b>Total liabilities</b>   | <b>1,797,559</b>      | <b>1,906,478</b>    |
| <b>KENNAMETAL SHAREOWNERS' EQUITY</b>  | <b>1,922,755</b>      | <b>1,929,256</b>    |
| <b>NONCONTROLLING INTERESTS</b>  | <b>31,499</b>         | <b>32,352</b>       |
| <b>Total liabilities and equity</b>  | <b>\$ 3,751,813</b>   | <b>\$ 3,868,086</b> |

**SEGMENT DATA (UNAUDITED)**

| (in thousands)                     | Three Months Ended<br>September 30, |            |
|------------------------------------|-------------------------------------|------------|
|                                    | 2014                                | 2013       |
| <i>Outside Sales:</i>              |                                     |            |
| Industrial                         | \$ 377,858                          | \$ 338,230 |
| Infrastructure                     | 317,083                             | 281,578    |
| Total outside sales                | \$ 694,941                          | \$ 619,808 |
| <i>Sales By Geographic Region:</i> |                                     |            |
| North America                      | \$ 334,570                          | \$ 269,535 |
| Western Europe                     | 190,854                             | 187,601    |
| Rest of World                      | 169,517                             | 162,672    |
| Total sales by geographic region   | \$ 694,941                          | \$ 619,808 |
| <i>Operating Income:</i>           |                                     |            |
| Industrial                         | \$ 44,017                           | \$ 39,820  |
| Infrastructure                     | 19,221                              | 21,689     |
| Corporate <sup>(1)</sup>           | (2,217)                             | (2,679)    |
| Total operating income             | \$ 61,021                           | \$ 58,830  |

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

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

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

### THREE MONTHS ENDED SEPTEMBER 30, 2014 - (UNAUDITED)

| (in thousands, except percents)   | Sales      | Operating Income | Net Income <sup>(2)</sup> | Diluted EPS |
|-----------------------------------|------------|------------------|---------------------------|-------------|
| 2015 Reported Results             | \$ 694,941 | \$ 61,021        | \$ 39,488                 | \$ 0.49     |
| 2015 Reported Operating Margin    |            | 8.8%             |                           |             |
| Restructuring and related charges | —          | 7,446            | 5,557                     | 0.07        |
| 2015 Adjusted Results             | \$ 694,941 | \$ 68,467        | \$ 45,045                 | \$ 0.56     |
| 2015 Adjusted Operating Margin    |            | 9.9%             |                           |             |

| (in thousands, except percents)   | Industrial Sales | Industrial Operating Income | Infrastructure Sales | Infrastructure Operating Income |
|-----------------------------------|------------------|-----------------------------|----------------------|---------------------------------|
| 2015 Reported Results             | \$ 377,858       | \$ 44,017                   | \$ 317,083           | \$ 19,221                       |
| 2015 Reported Operating Margin    |                  | 11.6%                       |                      | 6.1%                            |
| Restructuring and related charges | —                | 5,430                       | —                    | 2,016                           |
| 2015 Adjusted Results             | \$ 377,858       | \$ 49,447                   | \$ 317,083           | \$ 21,237                       |
| 2015 Adjusted Operating Margin    |                  | 13.1%                       |                      | 6.7%                            |

### THREE MONTHS ENDED SEPTEMBER 30, 2013 - (UNAUDITED)

| (in thousands, except percents)    | Sales      | Operating Income | Net Income <sup>(2)</sup> | Diluted EPS |
|------------------------------------|------------|------------------|---------------------------|-------------|
| 2014 Reported Results              | \$ 619,808 | \$ 58,830        | \$ 37,837                 | \$ 0.48     |
| 2014 Reported Operating Margin     |            | 9.5%             |                           |             |
| Acquisition charges <sup>(3)</sup> | —          | 1,098            | 775                       | 0.01        |
| 2014 Adjusted Results              | \$ 619,808 | \$ 59,928        | \$ 38,612                 | \$ 0.49     |
| 2014 Adjusted Operating Margin     |            | 9.7%             |                           |             |

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

<sup>(3)</sup> TMB acquisition charges.

**FREE OPERATING CASH FLOW (UNAUDITED)**

 Three Months Ended  
 September 30,

| (in thousands)   | 2014 |          | 2013 |          |
|--|------|----------|------|----------|
| Net cash flow from operating activities                  | \$   | 42,552   | \$   | 44,425   |
| Purchases of property, plant and equipment               |      | (30,802) |      | (24,974) |
| Proceeds from disposals of property, plant and equipment |      | 619      |      | 148      |
| Free operating cash flow                                 | \$   | 12,369   | \$   | 19,599   |

**RETURN ON INVESTED CAPITAL (UNAUDITED)**  
 September 30, 2014 (in thousands, except percents)

| Invested Capital | 9/30/2014    | 6/30/2014    | 3/31/2014    | 12/31/2013   | 9/30/2013    | Average      |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Debt             | \$ 1,015,863 | \$ 1,061,783 | \$ 1,135,553 | \$ 1,145,729 | \$ 706,331   | \$ 1,013,052 |
| Total equity     | 1,954,254    | 1,961,608    | 1,934,558    | 1,903,304    | 1,873,194    | 1,925,384    |
| Total            | \$ 2,970,117 | \$ 3,023,391 | \$ 3,070,111 | \$ 3,049,033 | \$ 2,579,525 | \$ 2,938,436 |

## Three Months Ended

| Interest Expense                   | 9/30/2014 | 6/30/2014 | 3/31/2014 | 12/31/2013 | Total     |
|------------------------------------|-----------|-----------|-----------|------------|-----------|
| Interest expense                   | \$ 8,210  | \$ 8,450  | \$ 8,883  | \$ 8,037   | \$ 33,580 |
| Income tax benefit                 |           |           |           |            | 9,611     |
| Total interest expense, net of tax |           |           |           |            | \$ 23,969 |

| Net Income   | 9/30/2014 | 6/30/2014 | 3/31/2014 | 12/31/2013 | Total   |
|--|-----------|-----------|-----------|------------|---------|
| Net income attributable to Kennametal, as reported | 39,488    | 45,455    | 50,865    | 24,209     | 160,017 |
| Acquisition-related charges                        | —         | 1,914     | 1,703     | 1,258      | 4,875   |
| Restructuring and related charges                  | 5,557     | 13,874    | 1,747     | 1,733      | 22,911  |
| Tax repatriation                                   | —         | —         | —         | 7,170      | 7,170   |
| Loss on divestiture                                | —         | 1,607     | —         | —          | 1,607   |
| Noncontrolling interest                            | 639       | 2,024     | 1,129     | (42)       | 3,750   |
| Net income, adjusted                               | 45,684    | 64,874    | 55,444    | 34,328     | 200,330 |
| Total interest expense, net of tax                 |           |           |           |            | 23,969  |

|  |              |
|--|--------------|
| Average invested capital                   | \$ 2,938,436 |
| <b>Adjusted Return on Invested Capital</b> | <b>7.6%</b>  |

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

|  |              |
|--|--------------|
| Net income attributable to Kennametal, as reported | \$ 160,017   |
| Total interest expense, net of tax                 | 23,969       |
|  | \$ 183,986   |
| Average invested capital                           | \$ 2,938,436 |

|                                   |             |
|-----------------------------------|-------------|
| <b>Return on Invested Capital</b> | <b>6.3%</b> |
|-----------------------------------|-------------|