

November 2, 2009

The Honorable Jane Clare Orie
Majority Whip, Senate of Pennsylvania
362 Capitol Building, Senate Box 203040
Harrisburg, PA 17120

Dear Senator :

On behalf of the Allegheny Conference, and as chair of its Business Climate Committee, I want to acknowledge the work that you put into this year's budget for the Commonwealth. While I'm sure you have received much criticism for the length of the process, our view is that in these difficult financial times you grappled with huge decision-making burdens in determining what would be funded.

Those of us in the private sector have also struggled with making difficult decisions in this downturn. It is painful to cut costs, reduce operations and release employees, but the goal has to be to come through the recession with strong companies that are ready to generate growth in the coming upturn. Your goals for Pennsylvania are not different. It is unfortunate when programs are cut and employees eliminated, but your willingness to make those tough decisions sent the message that you were prepared to do what was necessary to position the Commonwealth for now and for the future.

By not allowing the imposition of broad based taxes on our business community or the citizens, you also conveyed your sensitivity to the economic stress we are all experiencing and your leadership in driving toward future investment and job creation.

Of course, the freeze on the Capital Stock and Franchise Tax is a significant cost to a company's bottom line. However, your recognition of the importance of increasing the cap on Net Operating Loss carry forward and the improvement in the sales factor showed business that you understand not just the current constraints under which we are operating, but also what will fuel growth in an improved economy.

Again your accomplishments—while not favorable to all—have sent a clear message on your leadership and your ability to make the difficult decisions.

As always, we look forward to working with you to move Pennsylvania forward, invest in our future and generate employment.

Sincerely,



Carlos M. Cardoso
Chairman, President and Chief Executive Officer
Kennametal, Inc.
Chair, Business Climate Committee