**KENNAMETAL OUTSIDE COUNSEL POLICIES AND PROCEDURES**

   
  
**Introduction**  
  
Kennametal’s Office of the General Counsel (“OGC”) truly values its relationships with our outside counsel.  We sincerely appreciate the excellent work and the high level of cooperation and understanding provided by our outside counsel that has allowed us to keep our legal costs to reasonable levels in a challenging economic environment.  As we partner with our selected law firms, it is critical that we establish a clear set of expectations and guidelines that will assure alignment between us and each individual law firm.  The terms contained herein should guide your actions as outside legal counsel for the matters in which you represent Kennametal or one of our subsidiaries.  
  
Industrial suppliers, such as Kennametal, are under tremendous pressure to reduce the cost of their products and services. The OGC is not immune to the cost pressures, and we are taking active steps to monitor and control our outside counsel costs as well as measure performance and results. The Kennametal Outside Counsel Policies and Procedures (hereinafter referred to as OCPP) will generally outline the OGC’s expectations with regard to service levels, staffing, matter management, reimbursable fees and expenses, non-reimbursable fees and expenses and invoicing procedures. The OCPP will be applicable for all Kennametal legal matters unless otherwise stipulated in writing.  
  
The OCPP becomes effective on November 1, 2011 and therefore all invoices submitted on and after November 1 should comply with the policies and procedures set forth below. The OCPP along with any letter or other writing submitted or confirmed by Kennametal will constitute your entire agreement regarding representation of Kennametal. We reserve the right to modify the OCPP at any time and will provide at least a thirty (30) day notice of any substantive change to the policy. Nothing in the OCPP is intended to limit your ethical duties regarding your representation of Kennametal or any of our subsidiaries. Kennametal requires that a senior member of your firm review and acknowledge the terms of this agreement. Please see Exhibit C for instructions on the acknowledgment procedure. If, for any reason, your firm disagrees with or cannot abide by any term or condition contained in this document, you should discuss your issues or concerns with your OGC contact.  
  
Kennametal will begin using CounselLink® to receive invoices for our legal matters. Outside counsel should begin submitting invoices to CounselLink starting November 1, 2011. Please see attached Exhibits A and B for information on uploading invoices and documents.  
  
**Engagement**  
  
The Kennametal OGC has the primary responsibility of hiring outside counsel for all Kennametal and subsidiary legal matters. If an employee of Kennametal or one of our subsidiaries attempts to engage you on behalf of Kennametal, you must not begin compensable work until you have confirmed the engagement with a representative of the OGC. Kennametal will not be responsible for compensation regarding any unauthorized work.  This requirement is intended to ensure that the OGC has visibility to all outside legal services, which will allow us to better manage legal expenditures and guidance.  
  
The OGC may engage the services of particular attorneys and not the entire law firm. Attorneys are selected by the Kennametal attorney managing the particular legal matter. Outside counsel is not authorized to engage any local or international counsel on behalf of Kennametal without prior approval. All legal matters will be assigned to you through CounselLink. You may also receive an engagement letter for certain matters that provides more specific information than is contained in CounselLink.  
  
**Roles and Responsibilities**  
  
Kennametal Counsel  
  
The Kennametal attorney is responsible for assigning the matter to outside counsel. The Kennametal attorney will be your primary contact for the life of the matter and is responsible for making all major decisions regarding the matter. All documents requiring authorization or signature of a company representative must be forwarded to the attorney. Status reports and information regarding any significant events must be made in a timely manner to the Kennametal attorney.  
  
**Fees**  
  
Kennametal will pay for all legal services rendered at the rates approved in CounselLink. Rates increases will generally not be accepted unless warranted by extraordinary circumstances.  Kennametal and outside counsel may also agree upon discounted rates or an alternative rate structure for particular matters and outside counsel must bill in accord with those agreements. If outside counsel submits fees that exceed those approved in CounselLink, the fees will be reduced to the agreed upon rates. (Also see Patent and Trademark section herein below)  
  
**Staffing**  
  
Each time a new matter is assigned, the primary outside counsel contact will be identified. For all litigation matters, a list of staff members who will be working the matter must be submitted through CounselLink using the Staffing List module. Proposed staffing must include the minimum amount of staff necessary to perform the work assigned in a professional manner but must also be as cost effective as possible. If the staffing proposal is considered reasonable and otherwise acceptable to the Kennametal attorney, then it will be approved by Kennametal in the CounselLink system. Only staff members on the approved list will be eligible to bill on individual matters. An approved staffing list may also be requested by Kennametal on non-litigation matters (Also see Patent and Trademark section herein below).  
In general, work must be done at the most efficient staff level. Kennametal expects that staff members should remain assigned for the life of the matter. If we request that a staff member, including attorneys, no longer work on a matter, any time entries by that staff member after the date of the request will not be paid. If staffing changes are required due to firm attrition or through a request from Kennametal, we do not expect to pay for a newly assigned staff member’s ramp up time. We trust that our matters will not be treated as training opportunities for your staff. Only staff that is able to perform high quality legal work should be assigned to our matters.  
  
We expect that for all matters only one attorney will attend conferences, meetings, court hearings, depositions, interviews, and trials, unless otherwise approved by the Kennametal attorney.  
Do not hire another law firm to handle our work (e.g. a foreign associate) without the prior approval of Kennametal. In all cases, we prefer only that law firms approved by Kennametal are used. Please contact the Kennametal attorney for further information.  
Kennametal will not pay for charges submitted by librarians, secretaries, administrative assistants, case or billing clerks, messengers, word processors, law clerks or summer associates.  
  
**Budgets**  
  
Kennametal requires that you submit a fee and expense budget for all Litigation matters within 30 days of your receipt of the pleadings. Budgets may be requested for other matters on a matter-by-matter basis. In all cases, budgets must be created in CounselLink and submitted for approval by the Kennametal attorney.  If a budget is not submitted on a litigation matter, Kennametal reserves the right to withhold payment until a budget is submitted and approved.  
  
**Travel**  
  
Travel should only be considered when necessary. Prior to scheduling, travel must be authorized in advance by the Kennametal attorney. Kennametal expects outside counsel to take advantage of all available technology in lieu of travel including teleconferencing and videoconferencing where appropriate. Travel time is not compensable unless preapproved by the Kennametal attorney.  
  
If air travel is required, fares must be purchased 14 days in advance at a minimum where possible. First class and business class fares will not be reimbursed. Only coach or economy fares are reimbursable.  
  
If travel does not require flight, outside counsel must use the most economical ground transportation available. When renting a vehicle for business travel please do not reserve above mid-size vehicles without prior approval. In general, limousines and town cars are not reimbursable forms of ground transportation unless they are the most economical means of transportation.  
  
When an overnight stay is necessary you should stay at reasonably priced accommodations. Kennametal reserves the right to refuse to pay for accommodations that are unreasonable under the circumstances.  
  
Meals consumed while traveling on behalf of Kennametal should not exceed $100 per day. A receipt for any meal $25 or over must be attached to the invoice upon submission for payment. If outside counsel fails to attach the required receipts Kennametal may refuse to reimburse for the expense.  
  
Kennametal will not, without prior approval, pay for any personal travel expenses including but not limited to shoe shines, barber or hair stylist, airfare upgrades, entertainment, and in-flight movies.  
  
**Third-Party Vendors**  
  
Prior to engaging third-party vendors other than draftsmen, court reporters, or process servers, you must obtain approval from Kennametal. It is the responsibility of outside counsel to instruct third-party vendors regarding the OCPP and see that they are followed. Kennametal generally requires that outside counsel pay third-party vendors and then include those costs on the invoice submitted to Kennametal. Please attach a copy of the detailed third-party invoice to your invoice. Kennametal may request that you use a specific vendor where we have negotiated special rates for that particular service.   
  
**Expenses**  
  
Kennametal will reimburse reasonable expenses and disbursements at cost when they are necessary to outside counsel’s effective representation. No mark-ups or premiums will be paid for any expense or disbursement. Miscellaneous or vague expense charges will not be paid. Each expense charge must be itemized with the date, attorney incurring the expense, brief and clear description, units, cost per unit and total cost. The following expenses will be reimbursed:   
    
•    Draftsmen  
•    Searches (prior approval)  
•    Court reporters  
•    Deposition transcripts (expedited transcripts require approval)  
•    Filing fees (Patent, Trademark and Court fees)  
•    Internal photocopies at $0.10  
•    Translations – double translation of the same patent or application into the same language will not be paid. e.g., if an application in German is translated into English twice the second translation will not be paid unless preapproved by a Kennametal attorney.  
  
**Firm Overhead**   
  
Your firm’s hourly or flat rates must include all administrative and overhead costs associated with the management of a firm. Kennametal will not pay for the following:  
  
•    Rent and or utilities  
•    Office supplies  
•    Internal conference room charges  
•    Equipment rental  
•    Temporary office space  
•    Computer hardware and software  
•    Publications, books or subscriptions  
•    Professional association fees  
•    Interest on invoices  
•    Notary charges  
•    Staff overtime including transportation and meals  
•    Binding  
•    Proofreading  
•    Cover letters  
•    Charges for Lexis/Westlaw or other electronic research or document production  
•    Storage charges  
•    Document printing including laser printing  
•    Faxes including per page charges  
•    Processing mail, faxes or email  
•    Internet service fees  
•    Database administration including uploading files or documents  
•    File opening or closing  
•    Conflicts clearing charges  
•    Invoice preparation, appeals or conflict resolution  
•    Interacting with third-party vendors, including engaging, scheduling and reviewing or paying invoices  
•    Couriers or overnight mail unless requested  
•    Any other administrative task  
 **Clerical Tasks**  
  
Kennametal will not pay for any clerical task regardless of which timekeeper performs them, including, but not limited to the following:  
  
•    Calendaring and docketing (litigation and IP)  
•    Photocopying  
•    Faxing documents  
•    Word processing or data entry  
•    Scheduling depositions, court appearances, vendors and travel  
•    Printing documents  
•    Updating documents or files  
•    Scanning or coding documents  
•    Collating documents  
•    Filing and serving (IP applications excluded)  
•    Organizing  
•    Bates stamping documents  
•    Labeling documents or exhibits  
•    Preparing proofs of service  
•    Preparing transmittal letters  
•    Any other clerical task  
  
**Patents and Trademarks**   
  
Kennametal expects that only one (1) attorney will work on a patent or trademark matter. If additional staff is needed you must contact the Kennametal attorney for approval. All patent and trademark matters are to be handled pursuant to instructions provided to the law firm’s attorney by the Kennametal attorney.  
  
Payment for all USPTO, Official or Governmental fees is the responsibility of the outside counsel performing the services for Kennametal.  
  
To the extent practical, do not send us an invoice for a matter until a task for a particular matter is completed.  For example, do not send an invoice for the preparation of a patent application until the application is in final form ready for filing and has been provided to Kennametal for filing.  
  
**Other Policies**  
  
**Insurance** – Outside counsel assigned to Kennametal or any subsidiary legal matter are expected to procure and maintain all forms of insurance necessary to their business including but not limited to general liability, worker’s compensation and errors and omissions (malpractice) commensurate with the type of work performed by your firm. Kennametal may request that you produce proof of insurance.  
   
**Media** – Outside counsel working on Kennametal or any subsidiary legal matter should not have any contact with the media regarding their work for Kennametal without prior permission from the Kennametal OGC. If you are contacted by the media you must direct them to your Kennametal OGC contact for that matter.  
  
**Conflicts and Waiver** – Kennametal expects that outside counsel will perform a thorough conflicts check upon matter assignment. Please do not charge Kennametal for any tasks related to conflicts checking. Outside counsel will be considered to have a direct conflict if your firm is performing any work for the following companies that are classified as direct competitors of Kennametal: Sandvik, Seco, Iscar, Wirtgen, Ceratizit, Mapal, Komet and Joy Mining.   
  
If a conflict is discovered upon matter assignment you must notify your Kennametal contact immediately. You must also notify your Kennametal contact immediately should a conflict arise during your representation. Kennametal will generally not grant a waiver of conflict if it is a direct conflict noted above. If however you wish to request a waiver, you should do so in writing and provide the following information: Names of all other parties to be represented; brief description of the scope of your representation; date representation began; and explanation of why you think that waiver is appropriate in this situation. You will receive written notice if the waiver is granted. The notice will include all specifics regarding the waiver.  
  
**Confidentiality** – Outside counsel will be privy to confidential, proprietary and trade secret information while representing Kennametal. Counsel must take all necessary precautions to protect any intentional or accidental disclosure of this information including safeguarding your computer systems against intrusion if Kennametal information is even temporarily stored on your internal systems. As such you must not discuss any Kennametal matters in any instructional presentations, round tables or the like. You must not disclose that Kennametal is your client in your website or in any other marketing materials without permission of the Kennametal OGC. The responsibility to maintain the confidentiality of any proprietary and trade secret information continues even if your relationship with Kennametal is terminated.  
  
**Records Retention** – Kennametal will generally maintain all original files and documents. If the relationship with outside counsel is terminated by either party all documents pertaining to Kennametal matters must be promptly returned to Kennametal or in the alternative securely disposed of with permission of Kennametal and after a complete inventory of the documents have been provided.  
  
**Environmental** – Kennametal believes that in order to be successful in business, we must be successful in meeting and exceeding our environmental and social responsibilities. Toward that end, we have put into place the proper governance, and operational and technology structures enabling us to consistently consider our values as a component of every business decision. We anticipate that our outside counsel partners will support the environment by communicating with Kennametal electronically, where practical, thereby reducing the environmental impact of paper usage.  
  
**Invoicing Requirements**  
  
Outside counsel must submit their invoices by the 24th of the following month. A separate invoice should be submitted for each legal matter. Your invoices will be reviewed for mistakes and violations of our billing guidelines.  In addition, your invoices will be reviewed to determine if any costs are above our generally accepted costs targets based upon similar costs charged by other legal firms performing similar services.  If there are no errors, violations of guidelines or charges exceeding our cost targets your invoices will be processed in the normal course of business. Kennametal endeavors to pay all invoices in a timely manner and will not pay any additional charges for any invoice considered past due.  If charges have been deemed not payable, outside counsel has 30 days to appeal. If no appeal is made you will be deemed to have accepted the reduction.  
  
Kennametal will not pay charges that are 180 days or older on matters. When submitting the final invoice on a matter it should be noted as Final. You will have thirty (30) days to submit your final bill on a closed matter. If we indicate that an assignment is complete as of a certain date, time and expense entries after that date will be paid at the discretion of Kennametal. If we ask that all work on an assignment be stopped as of a certain date, time and expense entries after that date will not be paid.  
  
If outside counsel has agreed to a specific discount percentage, this amount must be included on each invoice. In addition, Kennametal will take a prompt payment discount of three (3) percent when the invoice is paid within 30 days of proper submission to CounselLink. Proper submission is defined as satisfying all validation requirements (see Invoice Returns section below) and being forwarded to the Kennametal reviewer.  
  
For any joint defense or cost-sharing matters, where Kennametal is only responsible for a portion of the fees and costs, outside counsel should bill Kennametal for their portion of the invoice. Invoices should not contain the total fees and expenses due with a percentage amount to be paid by Kennametal.  
  
If a credit is owed to Kennametal outside counsel must submit a check to Kennametal for the amount of the credit or overpayment instead of submitting the credit on a future invoice. Invoices may be returned to you if they contain a credit or if the credit results in a zero dollar or negative dollar invoice. The credit check must identify the matter to which it is to be applied. Checks without the necessary information will be returned to your firm for correction.   
  
Outside counsel must submit sufficient detail regarding the work being performed so that a meaningful review can be completed by the Kennametal attorney. Tasks that lack sufficient description or that are vague or incomplete will be deemed non-payable until more complete information is provided.  
  
Expense charges must also contain adequate descriptions. Charges that simply state “airfare” or “hotel” are not adequate. For an adequate description the charge should specify the airfare class or hotel name, destination or city and purpose.  
  
Invoices should set forth distinct tasks and activities performed by each professional along with the time expended in tenths of an hour and fees charged for that work in separate time entries. Descriptions of blocks, batched activities or tasks grouped into a single charge (i.e. block-billing) are unacceptable forms of billing. Invoices that contain any “block-billed” entries will be returned (except for Patent and Trademark filing and prosecution matters where a description of all tasks performed may be appropriate). See examples below:  
  
  
**Hours       Description**  
  
2.0            Reviewed and prepared redline of contract; prepared letter to opposing counsel regarding new version of the contract; prepared memorandum to client regarding new version of contract  
  
  
An acceptable method to enter the time entry would be:  
  
  
**Hours      Description**  
  
2.0           Reviewed contract (.3); prepared red line of contract (.5); prepared letter to opposing counsel regarding new version of the contract (.4); prepared memorandum to client regarding new version of contract (.8).  
  
International firms must submit their invoices in U.S. dollars. If your country requires that you collect VAT or some other form of tax you should identify the amount of the tax collected on the final invoice. You should also attach a copy of your final invoice showing the tax collected   to any submission that is uploaded to CounselLink using the Document Attachment feature (see Attachment B).  
  
   
Each invoice regardless of the submission method should contain the following information:  
  
•    Unique invoice number  
•    Invoice date  
•    Matter name  
•    Matter number  
•    Timekeeper name or I.D. for each task or activity  
•    Charge date (date that task or activity was actually performed)  
•    Specific description of services rendered by each timekeeper. Block billed charges are not acceptable.  
•    Time spent on each task in increments of tenths of an hour (1/10 hour), hourly rate and total for each entry (except for fixed fees)  
•    Invoice level discount on fees when agreed upon  
•    Each expense item should include date, a brief and meaningful description, and itemized with unit, unit cost and total. Fixed expense charges are not acceptable.  
  
Please see Exhibit A for CounselLink invoice submission instructions.  
  
The above guidelines may be subject to variance upon the prior written approval of a Kennametal attorney.

**EXHIBIT A  
  
ELECTRONIC INVOICE SUBMISSION**

Please submit separate invoices for each matter using CounselLink.    
  
To secure prompt and accurate payments to your firm, invoices in structured data format (LEDES) submitted via the web site [www.counsellink.net](https://www.counsellink.net/login/login.jsp) are preferred.  When absolutely necessary, CounselLink will accept invoices in other formats, including e-mailing a .PDF or ASCII invoice, mailing a diskette or mailing a paper invoice.  Submission of invoices in this manner is strongly discouraged as it lengthens the payment time to your firm.  
Submission of a Structured Data File to CounselLink  
  
•    Export the invoice to the LEDES (ASCII) structured data format  
•    Log into [www.counsellink.net](https://www.counsellink.net/login/login.jsp) using your assigned login and password  
•    Click on the Upload Invoice link on the law firm home page  
•    Browse to the saved LEDES invoice, select it and click "Open"  
•    Complete any other necessary information on the Invoice Submission page and click "Submit File"  
  
Creating an Invoice in CounselLink   
  
•    Log into [www.counsellink.net](https://www.counsellink.net/login/login.jsp) using the assigned login and password  
•    Click on the Matter Search link on the law firm home page  
•    Search for the matter on which the invoice is to be submitted  
•    Select "Create Invoice" from the Action bar dropdown  
•    Enter information on the “Edit Invoice Screen” if applicable and click on Submit  
•    Enter fees and expenses from the invoice screen  
•    Submit invoice  
  
Where Necessary: Alternative Forms of Submission  
  
Email: A .PDF file or ASCII format copy of the invoice may be submitted via email to [dept165@examen.com](mailto:dept165@examen.com).  Submit only ONE INVOICE PER .PDF file, although multiple .PDF files may be attached to a single email.  
  
Diskette: A diskette in ASCII format.  
  
Paper: An original copy of an invoice on white paper.  If submitting paper invoices, a separate invoice must be submitted for each matter.  When submitting invoices for multiple matters at one time, each invoice must begin on a new sheet of paper and must have a unique numerical identifier.  Unique invoice numbers for individual matters may be created by adding a suffix to the invoice number created by your system (e.g., 12345 1, 12345-2, 12345-3, etc.)  
  
Diskettes and paper invoices should be sent to:  
 **Kennametal c/o LexisNexis Examen, Inc., Attention: Department 165  
3831 North Freeway Boulevard, Suite 200  
Sacramento, CA 95834**  
  
  
**Invoice Returns**  
  
  
Invoices and the charges that in all respects conform to Kennametal’s OCPP will be promptly processed for payment.  Invoices or charges that do not conform to the Policy may be returned to your firm, in whole or in part, for correction. Invoices may also be returned for the following reasons:  
  
•    Your firm has failed to acknowledge the OCPP  
•    Uploaded invoice is not in the LEDES format  
•    Invoice contains a math error  
•    Invoice contains block billed charges   
•    No invoice number  
•    Duplicate invoice number  
•    Invoice does not contain a date  
•    Invoice date is in the future  
•    Invoice is an exact duplicate of previous invoice  
•    Charges do not contain a date  
•    Time increments not in tenths of an hour  
•    Timekeeper has not been identified on fee charges  
•    Invoice contains a credit   
•    Staffing list has not been submitted (if required)  
•    Zero dollar invoices  
•    Invoices for negative amounts  
•    Invoices submitted 30 days after matter has been closed  
•    Charges that are 180 days or older from invoice submission date (Litigation matters only)  
•    Unknown or incorrect LF Matter ID  
•    At Client’s discretion

**EXHIBIT B  
  
DOCUMENT ATTACHMENT**

**Document Attachment**  
  
Law firms are able to attach case supporting documents such as expense receipts, pleadings, status reports and third-party invoices electronically to either an invoice or a matter.  Outside counsel may be requested to upload specific documents to a matter or invoice.  Documents will be permanently attached to the invoice or matter unless removed by the individual who attached them.  Only the law firm and Client will be able to view the documents.  Most document formats are accepted including PDF files.  
  
Attaching a document to an Invoice (e.g. expense or receipts)  
  
•    Log in to [http://www.counsellink.net](https://www.counsellink.net/login/login.jsp)  
•    From the Home page, click on either Created or Scheduled Invoices   
•    Click on the CounselLink Invoice Number  
•    To add or search for a document , click on the Documents link  
•    To add a document, click on the Add Document link  
•    Type in the document name as you want it to appear in CounselLink  
•    Browse your file directory for the document to add by clicking the Browse button  
•    Select the Category from the drop down  
•    Select “Yes” from the Shared drop down  
•    Select “Public” from the Access Level drop down  
•    Enter a free form description of the document in the Description box  
•    Enter a key word to assist in future searches in the Key Word box  
•    Click on Save    
  
Attaching a document to a Matter (e.g. Initial Report, pleadings, summaries)   
  
•    Log in to [http://www.counsellink.net](https://www.counsellink.net/login/login.jsp)  
•    From the Home page, click on either Matter Search  
•    Enter the Matter Search criteria   
•    Click on the Matter ID or Matter Title  
•    Select Documents from the Action drop down  
•    Type in the document name as you want it to appear in CounselLink  
•    Browse your file directory for the document to add by clicking the Browse  button  
•    Select the Category from the drop down  
•    Select “Yes” from the Shared drop down  
•    Select “Public” from the Access Level drop down  
•    Enter a free form description of the document in the Description box  
•    Enter a key word to assist in future searches in the Key Word box  
•    Click on Save                            

**EXHIBIT C  
  
ACKNOWLEDGEMENT OF OUTSIDE COUNEL POLICIES AND PROCEDURES**

Kennametal requires that your firm acknowledge receipt and understanding of the Outside Counsel Policies and Procedures prior to being allowed to bill Kennametal for services using CounselLink.  You may perform the acknowledgment in CounselLink by doing the following:  
  
•    Click on the Guidelines link on the Law Firm Profile Home page  
•    Search for Kennametal  
•    Review document  
•    Type in Your Name in the appropriate line  
•    Type in Your Title of the signatory in the appropriate line  
•    Type in the Firm or Vendor name in the appropriate line  
•    Click on I Agree

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