KENNAMETAL INC
Form 11-K
June 24, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K
FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 1-5318

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

KENNAMETAL THRIFT PLUS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Kennametal Inc.
1600 Technology Way
P.O. Box 231
Latrobe, Pennsylvania 15650

KENNAMETAL THRIFT PLUS PLAN
INDEX TO FINANCIAL STATEMENTS

Note: Other schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
the Kennametal Thrift Plus Plan:

We have audited the accompanying statements of net assets available for benefits of the Kennametal Thrift Plus Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in its net assets available for benefits for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Schneider Downs & Co., Inc.
Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
June 24, 2011

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KENNAMETAL THRIFT PLUS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Receivables:		
Notes receivable from participants (Note 2)	$ 9,666,591	$ 10,220,353
Participant contributions	753,033	280,854
Employer contributions	447,039	96,818
Total receivables	10,866,663	10,598,025
Investments at fair value (Note 3):		
Mutual funds	258,442,134	224,802,449
Master trust	102,414,233	99,082,473
Kennametal Inc. common stock	65,418,828	45,513,708
Total investments at fair value	426,275,195	369,398,630
Total assets	437,141,858	379,996,655
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(4,672,663)	(2,933,800)
NET ASSETS AVAILABLE FOR BENEFITS	$ 432,469,195	$ 377,062,855

The accompanying notes are an integral part of these financial statements.

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KENNAMETAL THRIFT PLUS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010
ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Net appreciation in fair value of investments	$ 59,031,075
Participant contributions	14,759,394
Dividends and interest	8,538,969
Employer contributions	7,986,069
Employer contributions Kennametal common stock	4,401,605
Interest notes receivable from participants (Note 2)	539,697
Total additions	95,256,809
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	39,747,802
Loan distributions	67,936
Administrative fees	34,731
Total deductions	39,850,469
NET INCREASE	55,406,340
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	377,062,855
End of year	$ 432,469,195

The accompanying notes are an integral part of these financial statements.

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KENNAMETAL THRIFT PLUS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 DESCRIPTION OF PLAN

The following general description of the Kennametal Thrift Plus Plan, as amended (the Plan), is provided for general information purposes only. Participants should refer to the plan document for complete information.

The Plan is a defined contribution plan, established to encourage investment and savings for certain salaried, hourly and union employees of Kennametal Inc. and certain of its subsidiaries (Kennametal or the Company) and to provide a method to supplement their retirement income. The Plan provides these employees the opportunity to defer a portion of their annual compensation for federal income tax purposes in accordance with Section 401(k) of the Internal Revenue Code, as amended (IRC). The Plan also provides for Company contributions. The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Kennametal Inc. is the Plan sponsor.

ADMINISTRATION OF THE PLAN The management of the Company has the authority and responsibility for the general administration of the Plan. Fidelity Management Trust Company functions as the trustee, and Fidelity Investments Institutional Operations Company functions as the record keeper.

ELIGIBILITY All employees become eligible to participate in the Plan on the first day of the first payroll period subsequent to their employment date. Under present federal income tax law, employer contributions and all earnings of the Plan do not constitute taxable income to the participants until withdrawn from the Plan by the participants.

VESTING Employee contributions are fully vested. All Employer contributions (Basic, Matching and Discretionary) cliff vest after the third anniversary of the participant s employment date. At December 31, 2010 and 2009, forfeited nonvested accounts totaled $462,077 and $528,156, respectively. These amounts will be used to reduce future employer contributions.

PARTICIPANT ACCOUNTS A separate account is maintained for each participant in the Plan, reflecting investments, contributions, investment gains and losses, distributions, loans, withdrawals and transfers.

CONTRIBUTIONS The Plan allows participants to elect a contribution rate (either pre-tax, after-tax, or a combination of both) of 1% to 50% of the employee s eligible wages, which include base salary, overtime, shift differential pay and incentive compensation. Highly compensated employees are limited to contributing 9% pre-tax and 4% after-tax of their eligible wages. Newly hired non-union employees are automatically enrolled at 3%. Employees who are age 50 or older and who exceed the annual dollar limit under the law or the Plan are eligible to make catch-up contributions.

Unless otherwise amended, the Plan provides for employer matching contributions of 50% of employee contributions up to 6%. As such, the maximum employer matching contribution is 3%. Under the Plan, the Company has the discretion to make its employer matching contributions in Kennametal common stock.

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The participants can elect to have their contributions (pre-tax, after-tax, catch-up and rollover amounts) invested in the different investment funds available under the Plan. Currently, the Plan offers 25 mutual funds, Kennametal Inc. common stock and a Master Trust. During January and February 2009, employer matching contributions were invested in the same investment fund elections that the employee elected for their pre-tax or after-tax contributions. As a result of an amendment to the Plan, effective March 1, 2009, the union employee s employer contribution was changed from cash to Kennametal common stock and for non-union employees the employer contributions were temporarily suspended to enable the Company to control its costs during a period of adverse business conditions. Employer matching contributions were reinstated for non-union employees effective March 1, 2010.

In connection with certain changes to the Kennametal Inc. Retirement Income Plan, a Company-sponsored defined benefit pension plan, certain employees are no longer eligible to participate in that plan. These employees are eligible to participate in the Plan and receive a fixed basic contribution equal to 3% of the employee s eligible compensation and an additional discretionary contribution from 0% up to 3% depending on the Company s fiscal year performance. Under the Plan, the Company has the right to make its basic and discretionary contributions in Kennametal common stock. In August 2010, the Company made a discretionary contribution of 2% of participant s eligible compensation. For the period March 1, 2009 to July 31, 2010, the Company elected to make its employer contributions in Kennametal common stock. For the period August 1 through December 31, 2010, employer contributions were made in cash.

DISTRIBUTIONS Distributions to participants due to disability, retirement or death are payable in either a lump sum or periodic payments for a period not to exceed ten (10) years at the participant s election. If a participant s vested interest in his or her account exceeds $1,000, a participant may elect to defer distribution to a future date as more fully described in the plan document.

In addition, while still employed, participants may withdraw after-tax employee contributions, rollover contributions and pre-tax employee contributions if over age 59.5, at any time. Vested Company contributions and pre-tax employee contributions may be withdrawn by participants under age 59.5 only for specific hardship reasons.

NOTES RECEIVABLE FROM PARTICIPANTS A participant may borrow up to the lesser of $50,000 or 50% of his or her vested account balance, with a minimum note amount of $1,000. Principal and interest are paid ratably through payroll deductions. The maximum term permissible for a general-purpose note is 5 years and 30 years for a residential note. The interest rate is determined by the plan administrator based on existing market conditions and is fixed over the life of the note. Interest rates on notes receivable from participants ranged from 4.25% to 10.5% at December 31, 2010 and 2009, respectively. Notes receivable from participants outstanding at December 31, 2010 have maturity dates ranging from 2011 to 2040.

INVESTMENTS Participants direct their contributions and Company cash contributions by electing that such contributions be placed in a single investment fund or allocated to any combination of investment funds available under the Plan. Earnings derived from the assets of any investment fund are reinvested in the fund to which they relate. Participants may elect at any time to transfer all or a portion of the value of their accounts among the investment funds.

For Company contributions made in Kennametal common stock, participants have the ability to exchange the Kennametal common stock for a single investment fund or for any combination of investment funds under the Plan.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING The financial statements of the Plan are prepared under the accrual method of accounting.

As described in the guidance on Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by this standard, the statements of net assets available for benefits present the fair value of the investment contract as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The statements of net assets available for benefits are prepared on a contract value basis.

RECENT ACCOUNTING PRONOUNCEMENTS

As of December 31, 2010, the Plan adopted new guidance which clarifies the classification and measurement of participant loans by defined contribution pension plans. That guidance requires that participant loans be classified as notes receivable from participants and measured at their unpaid principal balance, plus any accrued but unpaid interest. The Plan adopted this new guidance in its December 31, 2010 financial statements and has reclassified participant loans of $10,220,353 for the year ended December 31, 2009 from investments to notes receivable from participants. Net assets of the Plan were not affected by the adoption of the new guidance.

As of December 31, 2010, the Plan adopted new guidance on fair value measurements and disclosures. This guidance requires new disclosures for fair value measurements and provides clarification for existing disclosures requirements. More specifically, this guidance requires (1) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for the transfers, and (2) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This guidance clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. The new disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements are effective for the Plan beginning January 1, 2011. See Note 3 for required disclosures.

USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

INVESTMENTS Investment transactions are recorded on a trade date basis. INVESCO Institutional, Inc. reported that all the investment contracts held in the Master Trust under the Stable Value Fund (see Note 5) are fully benefit-responsive. Fully benefit-responsive investment contracts are reported at fair value under investments with a corresponding adjustment to contract value for purposes of reporting net assets available for investments. Shares of mutual funds are valued at the net asset value of shares held by

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the Plan at year-end. Investments in Kennametal common stock are valued at their quoted market price at year-end.
NOTES RECEIVABLE FROM PARTICIPANTS Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded in the period earned.
PAYMENT OF BENEFITS Benefit payments are recorded when paid to participants / beneficiaries.
INVESTMENT INCOME Interest and dividend income are recorded in the period earned.
NET APPRECIATION Net appreciation in fair value of investments is composed of unrealized gains and losses, which represent the change in market value compared to the cost of investments in each year, and realized gains or losses on security transactions, which represent the difference between proceeds received and average cost. Net appreciation in fair value of investments for the year ended December 31, 2010 was as follows:

	2010
Mutual Funds	$ 34,908,199
Kennametal Inc. Common Stock	24,122,876
Total	$ 59,031,075

PLAN EXPENSES Investment management fees and all costs incurred in connection with the purchase and sale of securities are equitably apportioned among the respective investment funds. These expenses are included as a deduction from net assets in the statement of changes in net assets available for benefits. Other administrative fees are paid by the Company.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy consists of three levels to prioritize the inputs used in valuations, as defined below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs that are unobservable.

The following sections describe the valuation methodologies used by the Plan to measure investments at fair value, including an indication of the level in the fair value hierarchy in which each major category of investments is generally classified. Where appropriate, the description includes details of the valuation models and any significant assumptions.

Mutual Funds Investments in mutual funds are valued at quoted net asset values at year end.

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Master Trust The plan has an undivided interest in the underlying assets of the Master Trust. Assets of the Master Trust are held in a stable value fund by INVESCO. The Master Trust primarily invests in wrapper contracts, or synthetic guaranteed investment contracts. See Note 5 for additional disclosures on the Master Trust. The fair value of the underlying assets of the Master Trust were determined using a present value model and the principal inputs are discount rate, fee periods, fee invoice schedule, contract value, replacement cost and actual cost.

Common Stock Investments in common stock are valued at their quoted market price at year-end.

As of December 31, 2010, the fair values of the Plan s investments measured on a recurring basis are categorized as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Growth funds	$ 101,149,586			$ 101,149,586
Balanced funds	85,506,774			85,506,774
Value funds	41,239,503			41,239,503
Fixed income funds	17,314,393			17,314,393
Index funds	13,231,878			13,231,878
Plan s interest in Kennametal Inc. Master Trust:				
Synthetic guaranteed investment contracts		$ 97,608,218		97,608,218
Money market fund		4,806,015		4,806,015
Kennametal Inc. common stock	65,418,828			65,418,828
Total investments	$ 323,860,962	$ 102,414,233		$ 426,275,195

As of December 31, 2009, the fair values of the Plan s investments measured on a recurring basis are categorized as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Growth funds	$ 89,210,966			$ 89,210,966
Balanced funds	76,033,101			76,033,101
Value funds	33,130,553			33,130,553
Fixed income funds	14,414,584			14,414,584
Index funds	12,013,245			12,013,245
Plan s interest in Kennametal Inc. Master Trust:				
Synthetic guaranteed investment contracts		$ 96,780,062		96,780,062
Money market fund		2,302,411		2,302,411
Kennametal Inc. common stock	45,513,708			45,513,708
Total investments	$ 270,316,157	$ 99,082,473		$ 369,398,630

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NOTE 4 INVESTMENTS EXCEEDING FIVE PERCENT OF NET ASSETS

The fair values of individual investments that represent five percent or more of the Plan s total net assets as of December 31 were as follows:

	2010	2009
Stable Value Fund	$ 102,414,233	$ 99,082,473
Kennametal Inc. Common Stock	65,418,828	45,513,708
MSIFT MidCap Growth Portfolio	40,229,128	32,663,283
Fidelity Capital Appreciation Fund	29,755,749	26,056,484
American Funds EuroPacific Growth Fund	23,101,514	23,879,809
Fidelity Freedom 2015 Fund [a]	N/A	19,104,644

[a] The fair value of the investment in Fidelity Freedom 2015 Fund is $19,464,646 as of December 31, 2010. The fair value of this investment is not five percent or more of the Plan s total net assets available for benefits.

NOTE 5 MASTER TRUST

A portion of the Plan s investments are held in a Master Trust that was established for the investment of assets of the Plan and two other Company-sponsored defined contribution plans. Each plan has an undivided interest in the underlying assets of the Master Trust. The assets of the Master Trust are held in a stable value fund by INVESCO. Investment income relating to the Master Trust is allocated to the individual plans based upon average monthly balances invested by each plan. The underlying assets of the Master Trust include benefit-responsive investment contracts (the contracts).

The Master Trust s key objectives are to provide preservation of principal, maintain a stable interest rate, and provide daily liquidity at contract value for participant withdrawals and transfers in accordance with the provisions of the Plan. To accomplish the objectives described above, the Master Trust primarily invests in wrapper contracts, or synthetic guaranteed investment contracts (GICs). In wrapper contracts, the investments are owned and held by the Master Trust for Plan participants. The Trust purchases a wrapper contract from an insurance company or bank. The wrapper contract amortizes the realized and unrealized gains and losses on the underlying fixed-income investments, typically over the duration of the investments, through adjustments to the future interest-crediting rate, the rate earned by participants in the Master Trust for the underlying investments. The issuer of the wrapper contract provides assurance that the adjustment to the interest-crediting rate will not result in a future interest-crediting rate that is less than zero. An interest-crediting rate less than zero would result in a loss of principal or accrued interest.

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The key factors that influence future interest-crediting rates for a wrapper contract include the level of market interest rates, the amount and timing of participant activity within the wrapper contract, the investment returns and the duration of the underlying investments. Most wrapper contracts use a formula based on the characteristics of the underlying fixed-income portfolio to determine a crediting rate. Over time, the crediting rate formula amortizes the Master Trust s realized and unrealized market value gains and losses over the duration of the investments. The wrapper contracts interest-crediting rates are typically reset on a monthly or quarterly basis.

The average yield earned by the Plan based on actual earnings was 2.20% and 3.10% for the years ended December 31, 2010 and 2009, respectively. The average yield earned by the Plan based on the interest rate credited to participants was 3.84% and 4.07% for the years ended December 31, 2010 and 2009, respectively.

In certain circumstances, the amount withdrawn from the wrapper contract would be payable at fair value rather than at contract value. These events include termination of the Plan, a material adverse change to the provisions of the Plan, if the employer elects to withdraw from a contract in order to switch to a different investment provider, or if the terms of a successor plan do not meet the wrapper contract issuer s underwriting criteria for issuance of a clone wrapper contract. Management believes that the events described above could result in the payment of benefits at fair value rather than contract value and are not probable of occurring in the foreseeable future.

Investments held by the Master Trust at December 31, 2010 were as follows:

Security	Issuer Rating	Investments at Fair Value	Adjustments to Contract Value	Investments at Contract Value
Wrapped Portfolios				
Common Collective Trusts:				
NATIXIS IGT INVESCO Short-term Bond Fund	A+/Aa3	$ 21,001,687	$ (846,444)	$ 20,155,243
ING IGT INVESCO Multi-Mgr A or Better Interm. G/C Fund	A/A2	21,111,206	(1,236,191)	19,875,015
Pacific Life IGT INVESCO Multi-Mgr A or Better Interm. G/C Fund	A+/A1	21,155,488	(1,290,450)	19,865,038
Monumental IGT INVESCO Multi-Mgr A or Better Core Fund	AA-/A1	18,519,297	(757,955)	17,761,342
JP Morgan Chase IGT INVESCO Short-term Bond Fund	AA-/Aa1	15,457,065	(618,435)	14,838,630
State Street IGT INVESCO Short-term Bond Fund	AA-/Aa2	14,848,896	(616,130)	14,232,766
Pacific Life Wrapper contracts	A+/A1	58,152	(3,547)	54,605
Monumental Wrapper contracts	AA-/A1	38,168	(1,562)	36,606
Short-Term Investments				
Fidelity Money Market	N/A	5,523,988		5,523,988
Total		$ 117,713,947	$ (5,370,714)	$ 112,343,233

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At December 31, 2010, the Plan s interest in the Master Trust was approximately 87 percent. Total investment income for the Master Trust was $4,297,357 for the year ended December 31, 2010. The investment income for the Master Trust is recorded in dividends and interest in the statement of changes in net assets available for benefits.

Investments held by the Master Trust at December 31, 2009 were as follows:

Security	Issuer Rating	Investments at Fair Value	Adjustments to Contract Value	Investments at Contract Value
Wrapped Portfolios				
Common Collective Trusts:				
NATIXIS IGT INVESCO Short-term Bond Fund	A+/Aa3	$ 21,911,322	$ (528,132)	$ 21,383,190
Pacific Life IGT INVESCO Multi-Mgr A or Better Interm. G/C Fund	AA-/A1	20,455,173	(871,925)	19,583,248
ING IGT INVESCO Multi-Mgr A or Better Interm. G/C Fund	A+/A2	20,413,406	(854,223)	19,559,183
Monumental IGT INVESCO Multi-Mgr A or Better Core Fund	AA-/A1	17,799,101	(372,217)	17,426,884
JP Morgan Chase IGT INVESCO Short-term Bond Fund	AA-/Aa1	16,214,023	(404,935)	15,809,088
State Street IGT INVESCO Short-term Bond Fund	AA-/Aa2	15,628,716	(376,358)	15,252,358
JP Morgan Chase Wrapper contracts	AA-/Aa1	29,797	(744)	29,053
Pacific Life Wrapper contracts	AA-/A1	20,625	(879)	19,746
Short-Term Investments				
Fidelity Money Market	N/A	2,675,666		2,675,666
Total		$ 115,147,829	$ (3,409,413)	$ 111,738,416

At December 31, 2009, the Plan s interest in the Master Trust was approximately 86 percent.

NOTE 6 TAX STATUS

The Internal Revenue Service has determined and informed the plan sponsor by a letter dated December 16, 2005, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan s financial statements. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

NOTE 7 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to suspend or terminate the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, the accounts of all participants will become fully vested and non-forfeitable.

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NOTE 8 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 9 RELATED PARTY TRANSACTIONS

Certain investments of the Plan are mutual funds managed by Fidelity Investments. The trustee of the Plan is Fidelity Management Trust Company and, therefore, these transactions qualify as party-in-interest transactions.

One of the investment fund options available to participants is common stock of Kennametal Inc., the Plan sponsor. The Plan held 1,656,205 and 1,754,661 shares of Kennametal common stock, or $65,418,828 and $45,513,708 at December 31, 2010 and 2009, respectively. As a result, transactions related to this investment fund qualify as party-in-interest transactions.

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KENNAMETAL THRIFT PLUS PLAN
PLAN NUMBER: 002
EIN: 25-0900168
SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010

(a)	(b) Issuer	(c) Description	(d) Cost	(e) Fair Value
		Mutual Funds		
	Morgan Stanley	MSIFT MidCap Growth Portfolio	N/A	$ 40,229,128
*	Fidelity	Fidelity Capital Appreciation Fund	N/A	29,755,749
	American Funds	American Funds EuroPacific Growth Fund	N/A	23,101,514
*	Fidelity	Fidelity Freedom 2015 Fund	N/A	19,464,646
*	Fidelity	Fidelity Freedom 2025 Fund	N/A	16,842,798
	Lord Abbett	Lord Abbett SmallCap Value Fund	N/A	16,206,801
	Hotchkis & Wiley	H&W LargeCap Value Fund	N/A	15,756,019
*	Fidelity	Fidelity Freedom 2020 Fund	N/A	13,913,494
	Vanguard	Vanguard Institutional Index Fund	N/A	12,570,175
*	Fidelity	Fidelity Freedom 2030 Fund	N/A	9,198,106
	Vanguard	Vanguard Total Bond Market Index Signal	N/A	8,825,933
	Hotchkis & Wiley	H&W MidCap Value Fund	N/A	8,597,835
	Pimco	Pimco Total Return Fund	N/A	8,488,460
*	Fidelity	Fidelity Freedom 2035 Fund	N/A	6,902,143
*	Fidelity	Fidelity Freedom Income Fund	N/A	6,799,312
	Morgan Stanley	MSIF Small Company Growth Portfolio	N/A	6,773,795
*	Fidelity	Fidelity Freedom 2040 Fund	N/A	6,244,810
*	Fidelity	Fidelity Freedom 2010 Fund	N/A	4,316,226
*	Fidelity	Fidelity Freedom 2050 Fund	N/A	1,059,807
	Vanguard	Vanguard Total International Stock	N/A	985,575
*	Fidelity	Fidelity Freedom 2045 Fund	N/A	765,432
	Vanguard	Vanguard Mid Capitalization Index Signal	N/A	661,703
	Allianz	Allianz NFJ Dividend Value Fund	N/A	445,701
	Lord Abbett	Lord Abbett SmallCap Blend Fund	N/A	303,825
	Columbia	Columbia MidCap Value Fund	N/A	233,147
		Total Mutual Funds		258,442,134
		Master Trust		
	INVESCO	Stable Value Fund	N/A	102,414,233
		Kennametal Inc. Common Stock		
*	Kennametal Inc.	Kennametal Inc. Common Stock	N/A	65,418,828
		Total Investments		426,275,195

*	Notes receivable from participants	Maturities from 2011 to 2040, interest rates from 4.25% to 10.5%	N/A	9,666,591
		Total		$435,941,786

* Party-in-interest, for which a statutory exemption exists.

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SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the Kennametal Thrift Plus Plan has duly caused this annual report to be signed by the undersigned hereunto duly authorized.

KENNAMETAL THRIFT PLUS PLAN

Date: June 24, 2011

By: /s/ John Bielinski
John Bielinski
Plan Administrator

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g.

Steven Logan

Aberdeen Asset Managers Limited

Bow Bells House,

1 Bread Street

London

United Kingdom

Year of Birth: 1968

FCO Vice

President

Since 2017

Currently, Global Head of High Yield. Steven joined Aberdeen following the

SWIP acquisition in April 2014, where he was an Investment Director in 2001 before becoming Head of European High Yield in

2006.

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Name, Address and Age	Positions(s) Held With Fund(s)	Term of Office and Length of Time Served*	Principal Occupation(s) During the Past Five Years
Adam McCabe** Aberdeen Asset Management Asia Limited 21 Church Street #01-01 Capital Square Two Singapore 049480 Year of Birth: 1979	FAX, FCO Vice President	Since 2011	Currently, Head of Asian Fixed Income on the Fixed Income Asia Pacific desk, responsible for currency and interest rate strategies in Aberdeen s Asian fixed income portfolios. Mr. McCabe joined Aberdeen in 2009 following the acquisition of certain asset management businesses from Credit Suisse. Mr. McCabe worked for Credit Suisse since 2001, where he was an investment manager responsible for the development and implementation of its Asian currency and interest rate strategies.
Andrea Melia** Aberdeen Asset Management Inc. 1735 Market St. 32nd Floor Philadelphia, PA 19103 Year of Birth: 1969	FAX, FCO, IAF Treasurer	Since 2009	Currently, Vice President and Head of Fund Operations, Traditional Assets Americas for Aberdeen Asset Management Inc. Ms. Melia joined Aberdeen Asset Management Inc. in 2009.
Jennifer Nichols** Aberdeen Asset Management Inc. 1735 Market St. 32nd Floor Philadelphia, PA 19103 Year of Birth: 1978	FAX, FCO, IAF Vice President	Since 2008	Currently, Head of Legal Americas for Aberdeen Asset Management Inc. Director and Vice President for Aberdeen Asset Management Inc. (since 2006).
Robert Penaloza Aberdeen Asset Management Limited Level 6, 201 Kent St Sydney, NSW 2000 Australia Year of Birth: 1974	IAF Vice President	Since 2017	Currently, Head of Australian Equities for Aberdeen Asset Management Limited. Mr. Penaloza joined Aberdeen Asset Management Limited in 1997.
Christian Pittard**	FAX, FCO, IAF President	Since 2009	Currently, Group Head of Product Opportunities, for Aberdeen Asset Management PLC. Previously, Director and Vice President (2006-2008), Chief

Aberdeen Asset Managers Limited Bow Bells House, 1 Bread Street London United Kingdom Year of Birth: 1973	Executive Officer (from 2005 to 2006) and employee (since 2005) of Aberdeen Asset Management Inc.

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Name, Address and Age	Positions(s) Held With Fund(s)	Term of Office and Length of Time Served*	Principal Occupation(s) During the Past Five Years
Lucia Sitar** Aberdeen Asset Management Inc. 1735 Market St. 32nd Floor Philadelphia, PA 19103 Year of Birth: 1971	FAX, FCO, IAF Vice President	Since 2008	Currently, Vice President and Managing U.S. Counsel for Aberdeen Asset Management Inc. Ms. Sitar joined Aberdeen Asset Management Inc. in 2007.

* Officers hold their positions with the Fund(s) until a successor has been duly elected and qualifies. Officers are elected annually by each Board.

** Messrs. Akintewe, Andolina, Bishop, Cotton, Dahiya, Gilbert, Goodson, Hendry, Keener, Logan, McCabe and Pittard and Mses. Ferrari, Leong, Kennedy, Melia, Nichols and Sitar hold officer position(s) in one or more of the following: Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc., Aberdeen Singapore Fund, Inc., Aberdeen Japan Equity Fund, Inc., The Asia Tigers Fund, Inc., The India Fund, Inc., Aberdeen Greater China Fund, Inc., Aberdeen Income Credit Strategies Fund, Aberdeen Investment Funds (which currently consists of four portfolios) and Aberdeen Funds (which currently consists of 18 portfolios), each of which may also be deemed to be a part of the same Fund Complex.

Ownership of Securities

Set forth in the table below is the dollar range of equity securities in each Fund and the aggregate dollar range of equity securities in the Aberdeen Family of Investment Companies (as defined below) beneficially owned by each Director or nominee. The following key relates to the dollar ranges in the chart:

A. None

B. $1 $10,000

C. $10,001 $50,000

D. $50,001 $100,000

E. over $100,000

Name of Director or Nominee	Dollar Range of Equity Securities Owned(1)	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director or Nominee in the Family

		of Investment Companies (2)
Independent Directors:		
P. Gerald Malone	FAX: B	C
	FCO: C	
	IAF: B	
Neville J. Miles	FAX: B	C
	FCO: C	
	IAF: B	

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Name of Director or Nominee	Dollar Range of Equity Securities Owned(1)	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director or Nominee in the Family of Investment Companies (2)
Independent Directors:		
William J. Potter	FAX: B	C
	FCO: B	
	IAF: B	
Peter D. Sacks	FAX: D	D
	FCO: B	
	IAF: B	
Moritz Sell	FAX: C	E
	IAF: B	
John T. Sheehy	FAX: B	C
	FCO: C	
	IAF: B	
Interested Directors:		
Martin Gilbert	FAX: B	D
	FCO: B	
Hugh Young	IAF: B	C

(1) This information has been furnished by each Director as of October 31, 2017. Beneficial ownership is determined in accordance with Rule 16a-1(a)(2) promulgated under the Securities Exchange Act of 1934, as amended (the 1934 Act).

(2) Family of Investment Companies means those registered investment companies that are advised by the Investment Manager or an affiliate and that hold themselves out to investors as related companies for purposes of investment and investor services.

As of October 31, 2017, each Fund s Directors and officers, in the aggregate, owned less than 1% of that Fund s outstanding equity securities. As of October 31, 2017, none of the Independent Directors or their immediate family members owned any shares of the Investment Manager, Investment Adviser or Sub-Adviser or of any person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with the Investment Manager, Investment Adviser or Sub-Adviser.

Mr. Pittard and Ms. Melia serve as executive officers of the Funds. As of October 31, 2017, Mr. Pittard and Ms. Melia did not own shares of the Funds common stock.

BOARD AND COMMITTEE STRUCTURE

The Board of Directors of FAX is currently composed of five Independent Directors and one Interested Director, Martin J. Gilbert. The Board of Directors of FCO is currently composed of five Independent Directors and one Interested Director, Martin J. Gilbert. The Board of Directors of IAF is currently composed of six Independent Directors and one Interested Director, Hugh Young. However, pursuant to each Fund s retirement policy, Mr. Sheehy s term will expire at the Meetings and the size of each Fund s Board will be reduced by one. Each Fund s bylaws provide that the Board of Directors to be elected by holders of a Fund s common stock shall be divided into three classes, as nearly equal in number as possible, each of which will serve for three years, with one class being elected each year. FAX s Articles Supplementary for the Preferred Shares provide for the election of two Directors by holders of the Fund s preferred stock.

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The Boards of FAX and FCO have each appointed Mr. Malone, an Independent Director, as Chairman. The Board of IAF has appointed Mr. Miles, an Independent Director, as Chairman. The Chairman presides at meetings of the Directors, participates in the preparation of the agenda for meetings of the Board, and acts as a liaison between the Directors and management between Board meetings. Except for any duties specified herein, the designation of the Chairman does not impose on such Director any duties, obligations or liability that is greater than the duties, obligations or liability imposed on such person as a member of the Board, generally.

Each Board holds regular quarterly meetings each year to consider and address matters involving the respective Fund. Each Board also may hold special meetings to address matters arising between regular meetings. The Independent Directors also meet outside the presence of management in executive session at least quarterly and have engaged separate, independent legal counsel to assist them in performing their oversight responsibilities.

Each Board has established a committee structure that includes an Audit and Valuation Committee, a Contract Review Committee, a Nominating and Corporate Governance Committee, a Cost Review Committee and a Leverage Committee (FAX and FCO only) (each discussed in more detail below) to assist each Board in the oversight and direction of the business affairs of the respective Fund, and from time to time may establish informal ad hoc committees or working groups to review and address the practices of the respective Fund with respect to specific matters. The Committee system facilitates the timely and efficient consideration of matters by the Directors, and facilitates effective oversight of compliance with legal and regulatory requirements and of each Fund s activities and associated risks. The standing Committees currently conduct an annual review of their charters, which includes a review of their responsibilities and operations. Each Nominating and Corporate Governance Committee and each Board as a whole also conduct an annual self-assessment of the performance of the Board, including consideration of the effectiveness of the Board s Committee structure. Each Committee is comprised entirely of Independent Directors. Each Committee member is also independent within the meaning of the NYSE MKT listing standards. Each Board reviews its structure regularly and believes that its leadership structure, including having a super-majority of Independent Directors, coupled with an Independent Director as Chairman, is appropriate because it allows the Board to exercise informed and independent judgment over the matters under its purview and it allocates areas of responsibility among the Committees and the full Board in a manner that enhances efficient and effective oversight.

Audit and Valuation Committee

Each Fund s Audit and Valuation Committee, established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the 1934 Act), is responsible for the selection and engagement of the Fund s independent registered public accounting firm (subject to ratification by the Fund s Independent Directors), pre-approves and reviews both the audit and non audit work of the Fund s independent registered public accounting firm, and reviews compliance of the Fund with regulations of the SEC and the Internal Revenue Service, and other related matters. The members of each Fund s Audit and Valuation Committee are Messrs. Neville J. Miles, Peter D. Sacks, Moritz Sell (IAF only) and John T. Sheehy[1].

Each Board has adopted an Audit and Valuation Committee Charter for its Audit and Valuation Committee, the current copy of which is available on each Fund s website at http://aberdeenfax.com, http://aberdeenfco.com and http://aberdeeniaf.com.

Each Audit and Valuation Committee oversees the activities of its Fund s Pricing Committee and performs the responsibilities assigned to the Audit and Valuation Committee in the Fund s Valuation and Liquidity Procedures, such as overseeing the implementation of the Valuation and Liquidity Procedures. Each Board has delegated to its Audit and

1 Mr. Sheehy s term will expire at the Meetings pursuant to each Fund s retirement policy and he will no longer serve on any Committees as of the date of the Meetings,

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Valuation Committee the responsibility of determining the fair value of its Fund s securities or other assets in situations set forth in the Valuation and Liquidity Procedures.

Contract Review Committee

Each Contract Review Committee reviews and makes recommendations to the Board of Directors with respect to entering into, reviewing or amending the Fund s management agreement, advisory agreement, sub-advisory agreement (if applicable), administration agreement, investor relations services agreement and other agreements. The members of each Fund s Contract Review Committee are Messrs. P. Gerald Malone, Neville J. Miles, William J. Potter, Peter D. Sacks, Moritz Sell (IAF only) and John T. Sheehy[1].

Nominating and Corporate Governance Committee; Consideration of Potential Director Nominees

Each Fund s Nominating and Corporate Governance Committee recommends nominations for membership on the Board and reviews and evaluates the effectiveness of the Board in its role in governing the Fund and overseeing the management of the Fund. It evaluates candidates qualifications for Board membership and, with respect to nominees for positions as Independent Directors, their independence from the Fund s Investment Manager, Investment Adviser and Sub-Adviser, as appropriate, and other principal service providers. Each Nominating and Corporate Governance Committee generally meets twice annually to identify and evaluate nominees for director and makes its recommendations to its respective Board at the time of each Board s December meeting. Each Nominating and Corporate Governance Committee also periodically reviews director compensation and will recommend any appropriate changes to the Boards as a group. Each Nominating and Corporate Governance Committee also reviews and may make recommendations to its respective Board relating to the effectiveness of the Board in carrying out its responsibilities in governing the Fund and overseeing the management of the Fund. Each Board has adopted a Nominating and Corporate Governance Committee Charter, a copy of which is on each Fund s website at http://aberdeenfax.com, http://aberdeenfco.com and http://aberdeeniaf.com. The members of each Fund s Nominating and Corporate Governance Committee are Messrs. P. Gerald Malone, Neville J. Miles, William J. Potter and Moritz Sell (IAF only).

Each Nominating and Corporate Governance Committee may take into account a wide variety of factors in considering prospective director candidates, including (but not limited to): (i) availability (including availability to attend to Board business on short notice) and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board; (ii) relevant industry and related experience; (iii) educational background; (iv) reputation; (v) financial expertise; (vi) the candidate s ability, judgment and expertise; (vii) overall diversity of the Board s composition; and (viii) commitment to the representation of the interests of the Fund and its shareholders. Each Nominating and Corporate Governance Committee also considers the effect of any relationships beyond those delineated in the 1940 Act that might impair independence, such as business, financial or family relationships with the Investment Manager, Investment Adviser or Sub-Adviser or their affiliates, as appropriate. Each Nominating and Corporate Governance Committee will consider potential director candidates, if any, recommended by its Fund shareholders provided that the proposed candidates: (i) satisfy any minimum qualifications of the Fund for its directors, and (ii) are not interested persons of the Fund, as that term is defined in the 1940 Act; and (iii) are independent as defined in the listing standards of any exchange on which the Fund s shares are listed.

While the Nominating and Corporate Governance Committees have not adopted a particular definition of diversity or a particular policy with regard to the consideration of diversity in identifying candidates, when considering a candidate s and a Board s diversity, the Committees generally consider the manner in which each candidate s leadership, independence, interpersonal skills, financial acumen, integrity and professional ethics, educational and professional background, prior director or executive experience, industry knowledge, business judgment and specific experiences or expertise would complement or benefit the Board and, as a whole, contribute to the ability of the Board to oversee the Fund. Each Committee may also consider other factors or attributes as they may determine appropriate in their judgment. Each Committee believes that the significance of each candidate s background, experience, qualifications, attributes or skills must be considered in the context of the Board as a whole.

Each Fund s bylaws contain provisions regarding minimum qualifications for directors. These include a requirement that, to qualify as a nominee for a directorship, each candidate, at the time of nomination, other than persons who were directors at the time of the adoption of the minimum qualifications, must possess at least the following specific minimum qualifications: (i) a nominee shall have at least five years experience in any of investment management, economics, public accounting or Australian business; (ii) a nominee shall have a college undergraduate or graduate degree in economics, finance, business administration, accounting or engineering, or a professional degree in law, engineering, or medicine, from an accredited university or college in the United States, Australia, the United Kingdom, Canada or New Zealand, or the equivalent degree from an equivalent institution of higher learning in another country; and (iii) a nominee shall not have violated any provision of the U.S. federal or state securities laws, or comparable laws of another country.

Each Fund s bylaws also contain advance notice provisions and general procedures with respect to the submission of proposals, including the nomination of directors. Shareholders who intend to propose potential director candidates must substantiate compliance with these requirements. Notice of shareholder proposals must be provided to the Fund s Secretary not earlier than the 150th day and not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the preceding year s proxy statement. Any shareholder may obtain a copy of the Funds bylaws by calling the Investor Relations department of Aberdeen Asset Management Inc., the Funds investor relations services provider, toll-free at 1-800-522-5465, or by sending an e-mail to Aberdeen Asset Management Inc. at InvestorRelations@aberdeenstandard.com.

Cost Review Committee

Each Cost Review Committee reviews on an ongoing basis the fees and expenses incurred by the Fund, to ensure that such expenses are commensurate with the services provided. The members of each Fund s Cost Review Committee are Messrs. Neville J. Miles, Peter D. Sacks and John T. Sheehy[1].

Leverage Committee

The Leverage Committee monitors the Fund s leverage and reviews leverage options for the Fund. The members of the FAX and FCO s Leverage Committee are Messrs. P. Gerald Malone, Peter D. Sacks and John T. Sheehy[1].

Board Oversight of Risk Management

The Funds are subject to a number of risks, including, among others, investment, compliance, operational and valuation risks. Risk oversight forms part of each Board s general oversight of the respective Fund and is addressed as part of various Board and Committee activities. Each Board has adopted, and periodically reviews, policies and procedures designed to address these risks. Different processes, procedures and controls are employed with respect to different types of risks. Day-to-day risk management functions are subsumed within the responsibilities of AAMAL, who carries out each Fund s investment management and business affairs, and also by AAM Aus and AAML, as applicable, and other service providers in connection with the services they provide to the Funds. Each of AAMAL, AAM Aus and AAML, as applicable, and other service providers have their own, independent interest in risk management, and their policies and methods of risk

1 Mr. Sheehy s term will expire at the Meetings pursuant to each Fund s retirement policy and he will no longer serve on any Committees as of the date of the Meetings,

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management will depend on their functions and business models. As part of its regular oversight of each Fund, the respective Board, directly and/or through a Committee, interacts with and reviews reports from, among others, AAMAL, AAM Aus and AAML, as applicable, and each Fund s other service providers (including the Funds transfer agent), the Funds Chief Compliance Officer, the Funds independent registered public accounting firm, legal counsel to the Funds, and internal auditors, as appropriate, relating to the operations of the Funds. The Boards also require AAMAL to report to the Boards on other matters relating to risk management on a regular and as-needed basis. The Boards recognize that it may not be possible to identify all of the risks that may affect the Funds or to develop processes and controls to eliminate or mitigate their occurrence or effects. Each Board may, at any time and in its discretion, change the manner in which it conducts risk oversight.

Board and Committee Meetings in Fiscal 2017

During the Funds fiscal year ended October 31, 2017, the Boards of FAX, FCO and IAF each held four regular meetings, the Board of FAX held two special meetings and the Boards of FCO and IAF each held one special meeting; the Audit and Valuation Committee of FAX, FCO and IAF each held three meetings; the Nominating and Corporate Governance Committee of FAX, FCO and IAF each held one meeting; the Contract Review Committee of FAX, FCO and IAF each held two meetings; the Cost Review Committee of FAX, FCO and IAF each held one meeting; the Leverage Committee of FAX held eight meetings and the Leverage Committee of FCO held four meetings. During such period, each incumbent Director attended at least 75% of the aggregate number of meetings of the Board and of Committees of the Board on which he served with the exception of Hugh Young who attended at least 60% of the aggregate number of Board meetings of IAF.

Communications with the Board of Directors

Shareholders who wish to communicate with Board members with respect to matters relating to the Funds may address their written correspondence to the Boards as a whole or to individual Board members c/o Aberdeen Asset Management Inc., the Funds investor relations service provider, at 1735 Market Street, 32nd Floor, Philadelphia, PA 19103, or via e-mail to the Director(s) c/o Aberdeen Asset Management Inc. at InvestorRelations@aberdeenstandard.com.

Director Attendance at Annual Meetings of Shareholders

Generally, in the event that any of the Funds Directors are geographically close to the site of an annual meeting of shareholders at the time of such meeting, one or more of such Directors may attend the meeting. However, since a majority of the Funds Directors reside outside of the United States, the Funds recognize that it would be impractical for most Directors to attend such meetings and would create a significant expense for the Funds to require the Directors to attend such meetings. In light of the fact that the residences of most Directors are substantial distances from the location of the annual meetings of shareholders and that, historically, few shareholders have attended the annual meetings in person, the Funds have not established a policy with respect to Director attendance at annual meetings of shareholders.

REPORTS OF THE AUDIT AND VALUATION COMMITTEES; INFORMATION REGARDING THE FUNDS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Each Audit and Valuation Committee has selected, and each Fund s Independent Directors have ratified the selection of, KPMG LLP (KPMG), 1601 Market Street, Philadelphia, PA 19103, an independent registered public accounting firm, to audit the financial statements of the Funds for the fiscal year ending October 31, 2018. Representatives from KPMG are not expected to be present at the Meetings to make a statement or respond to questions from shareholders. However, such representatives are expected to be available by telephone to respond for questions raised by shareholders, if any, during the Meetings.

Each Audit and Valuation Committee has received from KPMG the written disclosures and the letter required by the Public Company Accounting Oversight Board regarding KPMG s communications with the Audit and Valuation Committee concerning independence, and have discussed with KPMG its independence. Each Audit and Valuation Committee has also reviewed and discussed the audited financial statements with Fund management and KPMG, and discussed certain matters with KPMG addressed by Statements on Auditing Standards Nos. 61 and 90. Based on the foregoing, each Audit and Valuation Committee recommended to its Board that the Fund s audited financial statements be included in the respective Fund s Annual Report to Shareholders for the fiscal year ended October 31, 2017.

The following table sets forth the aggregate fees billed for professional services rendered by KPMG during the Funds two most recent fiscal years:

		2017			2016	
	FAX	**FCO**	**IAF**	**FAX**	**FCO**	**IAF**
Audit Fees	$ 81,500	$ 72,000	$ 57,000	$ 80,500	$ 71,000	$ 56,000
Audit-Related Fees	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Tax Fees(1)	$ 7,500	$ 7,500	$ 7,750	$ 7,200	$ 7,200	$ 7,200
All Other Fees	None	None	None	None	None	None

(1) The Tax Fees are for the completion of the Funds federal and state tax returns.

For the fiscal year ended October 31, 2017, KPMG billed $796,703 for aggregate non-audit fees for services to the Investment Manager, Investment Adviser and Sub-Adviser of FAX and FCO and billed $788,203 for aggregate non-audit fees for services to the Investment Manager and Investment Adviser of IAF. For the fiscal year ended October 31, 2016, KPMG billed $848,698 for aggregate non-audit fees for services to the Investment Manager, Investment Adviser and Sub-Adviser of FAX and FCO and billed $818,472 for aggregate non-audit fees for services to the Investment Manager and Investment Adviser of IAF.

All of the services described in the table above were pre-approved by the relevant Audit and Valuation Committee.

Each Audit and Valuation Committee has adopted an Audit and Valuation Committee Charter that provides that the Audit and Valuation Committee shall annually select, retain or terminate, and recommend to the Audit and Valuation Committee members of the Board and ratified by the entire Board, who are not interested persons (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended), of the Fund for their ratification, the selection, retention or termination, the Fund s independent auditor and, in connection therewith, evaluate the terms of the engagement (including compensation of the auditor) and the qualifications and independence of the independent auditor, including whether the independent auditor provides any consulting, auditing or tax services to the Investment Manager, Investment Adviser or Sub-Adviser, if applicable, and receive the independent auditor s specific representations as to its independence, delineating all relationships between the independent auditor and the Fund, consistent with the Independent Standards Board (ISB) Standard No. 1. Each Audit and Valuation Committee Charter also provides that the Committee shall review in advance, and consider approval of, any and all proposals by Fund management or the Investment Manager that the Fund, Investment Manager or their affiliated persons, employ the independent auditor to render permissible non-audit services to the Fund and to consider whether such services are consistent with the independent auditor s independence.

Each Audit and Valuation Committee has considered whether the provision of non-audit services that were rendered to the Investment Manager, Investment Adviser, or Sub-Adviser, if applicable, and any entity controlling, controlled by, or under common control with these entities that provides ongoing services to the relevant Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant s independence and has concluded that it is independent.

COMPENSATION

The following table sets forth information regarding compensation of Directors by each Fund and by the Fund Complex of which the Funds are a part for the fiscal year ended October 31, 2017. Officers of the Funds and Directors who are interested persons of the Funds do not receive any compensation directly from the Funds or any other fund in the Fund Complex for performing their duties as officers or Directors, respectively.

Name of Director	Aggregate Compensation from Fund Fiscal Year Ended October 31, 2017			Total Compensation From Fund and Fund Complex Paid To Directors*
	FAX	FCO	IAF	
Independent Directors:				
P. Gerald Malone	$ 85,000	$ 62,500	$ 39,500	$ 291,500(26)
Neville J. Miles	$ 53,000	$ 40,500	$ 62,500	$ 244,500(25)
William J. Potter	$ 46,000	$ 45,500	$ 39,500	$ 131,000(3)
Peter D. Sacks	$ 60,000	$ 45,500	$ 43,500	$ 237,500(25)
Moritz Sell	N/a	N/a	$ 36,000	$ 108,000(3)
John T. Sheehy	$ 65,000	$ 50,500	$ 47,500	$ 256,000(25)
Interested Directors:				
Martin J. Gilbert	N/a	N/a	N/a	N/a(26)
Hugh Young	N/a	N/a	N/a	N/a(2)

* The number in parentheses indicates the total number of funds in the Fund Complex on which the Director serves or served at any time during the fiscal year ended October 31, 2017.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act, as applied to the Funds, require the Funds officers, Directors, the Investment Manager and Investment Adviser, affiliates of the Investment Manager or Investment Adviser, and persons who beneficially own more than 10% of a registered class of a Fund s outstanding securities (Reporting Persons) to electronically file reports of ownership of that Fund s securities and changes in such ownership with the SEC and the NYSE MKT. Such persons are required by SEC regulations to furnish the Fund with copies of all such filings.

Based solely on its review of the copies of such forms received by it and written representations from certain Reporting Persons that no year-end reports were required for those persons, and except as provided in the following sentence, each Fund believes that during the fiscal year ended October 31, 2017, its Reporting Persons complied with all applicable filing requirements in a timely manner. With respect to FAX and FCO, a Form 3 Initial Statement of Beneficial Ownership of Securities was filed subsequent to the 10-day period specified in the Form for Stephen Docherty and Katherine Malcolm, each a director of the Fund s Sub-Adviser.

Relationship of Directors or Nominees with the Investment Manager, Investment Adviser, Sub-Adviser and Administrator

Aberdeen Asset Management Asia Limited serves as the Investment Manager to the Funds pursuant to management agreements dated as of April 3, 2009 for FAX, as of June 7, 2006 for FCO, and as of March 8, 2004 for IAF. The Investment Manager is a Singapore corporation with its registered office located at 21 Church Street, #01-01 Capital Square Two, Singapore 049480. Aberdeen Asset Management Limited serves as the Investment Adviser to the Funds pursuant to advisory agreements dated as of April 3, 2009 for FAX, as of June 7, 2006 for FCO, and as of March 8, 2004 for IAF. The Investment Adviser is an Australian corporation with its registered offices located at Level 10, 255 George Street, Sydney, NSW 2000, Australia. Aberdeen Asset Managers Limited serves as the Sub-Adviser to FAX and FCO pursuant to sub-advisory agreements dated November 1, 2015 and March 1, 2012, respectively. The Sub-Adviser is a United Kingdom corporation with its registered offices located at Bow Bells House 1 Bread Street, London, United Kingdom, EC4M 9HH. The Investment Manager, Investment Adviser and Sub-Adviser are each wholly-owned subsidiaries of Aberdeen Asset Management PLC (Aberdeen PLC), a Scottish company. The registered offices of Aberdeen PLC are located at 10 Queen s Terrace, Aberdeen, Scotland AB10 1YG. The merger of Standard Life plc and Aberdeen PLC, announced on March 6, 2017 (the Merger) closed on August 14, 2017. Aberdeen PLC became a direct subsidiary of Standard Life plc as a result of the Merger and the combined company changed its name to Standard Life Aberdeen plc. Following the Merger, the Funds Investment Manager, Investment Adviser, Sub-Adviser and Administrator each became an indirect subsidiary of Standard Life Aberdeen plc, but otherwise did not change. Mr. Martin Gilbert, a Director (FAX and FCO) and Vice President of the Funds, also serves as the Co-Chief Executive and an Executive Director of Standard Life Aberdeen plc. Mr. Gilbert is also a shareholder of Standard Life Aberdeen plc. Mr. Hugh Young, a Director of IAF, serves as the Managing Director of the Investment Manager and a Director of Aberdeen PLC. Mr. Young is also a shareholder of Standard Life Aberdeen plc.

Aberdeen Asset Management Inc. (AAMI), an affiliate of the Investment Manager, Investment Adviser and Sub-Adviser, serves as the Funds administrator. AAMI is a Delaware corporation with its principal business office located at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103. AAMI also provides investor relations services to the Funds under an investor relations services agreement. Messrs. Andolina, Cotton, Goodson, Hendry and Mmes. Melia, Nichols and Sitar, who serve as officers of the Funds, are also directors and/or officers of AAMI.

EACH FUND S BOARD, INCLUDING THE INDEPENDENT DIRECTORS, RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE NOMINEES FOR DIRECTOR FOR THE RELEVANT FUND.

ADDITIONAL INFORMATION

Expenses. The expense of preparation, printing and mailing of the enclosed proxy card and accompanying Notice and Joint Proxy Statement will be borne proportionately by each Fund. Each Fund will reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of the shares of that Fund. In order to obtain the necessary quorum at each Meeting, supplementary solicitation may be made by mail, telephone, telegraph or personal interview. Such solicitation may be conducted by, among others, officers, Directors and employees of the Funds, the Investment Manager, the Investment Adviser, the Sub-Adviser (in the case of FAX and FCO) or the Funds Administrator.

AST Fund Solutions, LLC (AST) has been retained to assist in the solicitation of proxies and will receive an estimated fee of $3,500 (FAX), $1,100 (FCO) and $2,800 (IAF) and be reimbursed for its reasonable expenses. Total payments to AST are expected to be between $10,000 and $14,000.

Solicitation and Voting of Proxies. Solicitation of proxies is being made primarily by the mailing of this Joint Proxy Statement with its enclosures on or about February 16, 2018. As mentioned above, AST has been engaged to assist in the solicitation of proxies. As the meeting date approaches, certain shareholders of a Fund may receive a call from a representative of AST, if the Fund has not yet received their vote. Authorization to permit AST to execute proxies may be obtained by telephonic instructions from shareholders of a Fund. Proxies that are obtained telephonically will be recorded in accordance with procedures that management of each of the Funds believes are reasonably designed to ensure that the

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identity of the shareholder casting the vote is accurately determined and that the voting instructions of the shareholder are accurately determined.

Beneficial Owners. Based upon filings made with the SEC, as of January 31, 2018, the following table shows certain information concerning persons who may be deemed beneficial owners of 5% or more of a class of shares of IAF, FCO and FAX because they possessed or shared voting or investment power with respect to IAF, FCO or FAX s shares:

Fund	Class	Name and Address	Number of Shares Beneficially Owned	Percentage of Shares
IAF	Common	1607 Capital Partners LLC 4991 Lake Brook Drive Richmond, VA 23219	1,174,150	5.16%
IAF	Common	First Trust Portfolios L.P. 120 East Liberty Drive Wheaton, IL 60187	3,776,030	16.60%
FCO	Common	First Trust Portfolios L.P. 120 East Liberty Drive Wheaton, IL 60187	1,590,202	18.23%
FAX	Preferred	Voya Financial Inc. 230 Park Avenue New York, NY 10169	520,000	26.00%

Shareholder Proposals. If a shareholder intends to present a proposal, including the nomination of a director, at the Annual Meeting of Shareholders of the Funds to be held in 2019 and desires to have the proposal included in the Funds proxy statement and form of proxy for that meeting, the shareholder must deliver the proposal to the Secretary of the Funds at the office of the Funds, 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, and such proposal must be received by the Secretary no later than October 8, 2018.

Shareholders wishing to present proposals, including the nomination of a director, at the Annual Meeting of Shareholders of the Funds to be held in 2019 which they do not wish to be included in the Funds proxy materials must send written notice of such proposals to the Secretary of the Funds at the office of the Fund, 1735 Market Street 32nd Floor, Philadelphia, Pennsylvania 19103, and such notice must be received by the Secretary no sooner than September 8, 2018 and no later than 5:00 p.m., Eastern Time, on October 8, 2018 in the form prescribed from time to time in the Funds bylaws.

SHAREHOLDERS WHO DO NOT EXPECT TO BE PRESENT AT THE MEETINGS AND WHO WISH TO HAVE THEIR SHARES VOTED ARE REQUESTED TO DATE AND SIGN THE ENCLOSED PROXY CARD(S) AND RETURN THEM IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

Delivery of Proxy

Unless the Funds have received contrary instructions from shareholders, only one copy of this Joint Proxy Statement may be mailed to households, even if more than one person in a household is a shareholder of record. If a shareholder needs an additional copy of this Joint Proxy Statement, please contact the Funds at 1-800-522-5465. If any shareholder does not want the mailing of this Joint Proxy Statement to be combined with those for other members of its household, please contact the Funds in writing at: 1735 Market Street, 32nd Floor, Philadelphia, PA 19103 or call the Funds at 1-800-522-5465.

Other Business

Management knows of no business to be presented at the Meetings, other than the Proposal set forth in this Joint Proxy Statement, but should any other matter requiring the vote of shareholders arise, the proxies will vote thereon according to their discretion.

By order of the Boards of Directors,

Megan Kennedy, Secretary

Aberdeen Asia-Pacific Income Fund, Inc.

Aberdeen Global Income Fund, Inc.

Aberdeen Australia Equity Fund, Inc.

EVERY SHAREHOLDER S VOTE IS IMPORTANT

EASY VOTING OPTIONS:

VOTE ON THE INTERNET

Log on to:

www.proxy-direct.com

or scan the QR code

Follow the on-screen instructions

available 24 hours

VOTE BY PHONE

Call 1-800-337-3503

Follow the recorded instructions

available 24 hours

VOTE BY MAIL

Vote, sign and date this Proxy

Card and return in the

postage-paid envelope

VOTE IN PERSON

Attend Shareholder Meeting

1735 Market Street, 32nd Floor

Philadelphia, PA 19103

on March 29, 2018

Please detach at perforation before mailing.

PROXY **ABERDEEN ASIA-PACIFIC INCOME FUND, INC.**

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 29, 2018

THIS PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS. The undersigned shareholder(s) of Aberdeen Asia-Pacific Income Fund, Inc., revoking previous proxies, hereby appoints Alan Goodson, Megan Kennedy and Matthew Keener, or any one of them true and lawful attorneys with power of substitution of each, to vote all shares of Aberdeen Asia-Pacific Income Fund, Inc. which the undersigned is entitled to vote, at the Annual Meeting of Shareholders to be held on Thursday, March 29, 2018, at 10:00 a.m. Eastern Time, at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, and at any adjournment thereof as indicated on the reverse side.

In their discretion, the proxy holders named above are authorized to vote upon such other matters as may properly come before the meeting or any adjournment thereof.

Receipt of the Notice of the Annual Meeting and the accompanying Proxy Statement is hereby acknowledged. If this Proxy is executed but no instructions are given, the votes entitled to be cast by the undersigned will be cast FOR the nominee for director.

VOTE VIA THE INTERNET:
www.proxy-direct.com

VOTE VIA THE TELEPHONE: 1-800-337-3503

PLEASE SIGN, DATE AND RETURN THE PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.

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EVERY SHAREHOLDER S VOTE IS IMPORTANT

Important Notice Regarding the Availability of Proxy Materials for the

Aberdeen Asia-Pacific Income Fund, Inc.

Shareholders Meeting to Be Held on Thursday, March 29, 2018, at 10:00 a.m. (Eastern Time)

The Proxy Statement for this meeting is available at: http://www.aberdeenFAX.com

IF YOU VOTE ON THE INTERNET OR BY TELEPHONE,

YOU NEED NOT RETURN THIS PROXY CARD

Please detach at perforation before mailing.

In their discretion, the proxy holders are authorized to vote upon the matters set forth in the Notice of Meeting and Proxy Statement dated February 5, 2018 and upon all other such matters as may properly come before the meeting or any adjournment thereof.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEE FOR DIRECTOR IN THE PROPOSAL.

TO VOTE MARK BLOCKS BELOW IN BLUE OR BLACK INK AS SHOWN IN THIS EXAMPLE:

A Proposals

1. To elect one Class III Director to the Board of Directors to serve until the 2021 Annual Meeting of Shareholders.	**FOR**	**AGAINST**	**ABSTAIN**
01. Martin J. Gilbert			

2. To transact such other business as may properly come before the Annual Meeting.

B Authorized Signatures This section must be completed for your vote to be counted. Sign and Date Below

Note: Please sign exactly as your name(s) appear(s) on this proxy card, and date it. When shares are held jointly, each holder should sign. When signing as attorney, executor, administrator, trustee, guardian, officer of corporation or other entity or in another representative capacity, please give the full title under the signature.

Date (mm/dd/yyyy) Please print date below	Signature 1 Please keep signature within the box	Signature 2 Please keep signature within the box
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EVERY SHAREHOLDER S VOTE IS IMPORTANT

EASY VOTING OPTIONS:

VOTE ON THE INTERNET

Log on to:

www.proxy-direct.com

or scan the QR code

Follow the on-screen instructions

available 24 hours

VOTE BY PHONE

Call 1-800-337-3503

Follow the recorded instructions

available 24 hours

VOTE BY MAIL

Vote, sign and date this Proxy

Card and return in the

postage-paid envelope

VOTE IN PERSON

Attend Shareholder Meeting

1735 Market Street, 32nd Floor

Philadelphia, PA 19103

on March 29, 2018

Please detach at perforation before mailing.

PROXY **ABERDEEN ASIA-PACIFIC INCOME FUND, INC.**

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 29, 2018

THIS PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS. The undersigned shareholder(s) of Aberdeen Asia-Pacific Income Fund, Inc., revoking previous proxies, hereby appoints Alan Goodson, Megan Kennedy and Matthew Keener, or any one of them true and lawful attorneys with power of substitution of each, to vote all shares of Aberdeen Asia-Pacific Income Fund, Inc. which the undersigned is entitled to vote, at the Annual Meeting of Shareholders to be held on Thursday, March 29, 2018, at 10:00 a.m. Eastern Time, at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Philadelphia, Pennsylvania 19103, and at any adjournment thereof as indicated on the reverse side.

In their discretion, the proxy holders named above are authorized to vote upon such other matters as may properly come before the meeting or any adjournment thereof.

Receipt of the Notice of the Annual Meeting and the accompanying Proxy Statement is hereby acknowledged. If this Proxy is executed but no instructions are given, the votes entitled to be cast by the undersigned will be cast FOR the nominees for director.

VOTE VIA THE INTERNET: www.proxy-direct.com

VOTE VIA THE TELEPHONE: 1-800-337-3503

PLEASE SIGN, DATE AND RETURN THE PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.

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EVERY SHAREHOLDER S VOTE IS IMPORTANT

Important Notice Regarding the Availability of Proxy Materials for the

Aberdeen Asia-Pacific Income Fund, Inc.

Shareholders Meeting to Be Held on Thursday, March 29, 2018, at 10:00 a.m. (Eastern Time)

The Proxy Statement for this meeting is available at: http://www.aberdeenFAX.com

IF YOU VOTE ON THE INTERNET OR BY TELEPHONE,

YOU NEED NOT RETURN THIS PROXY CARD

Please detach at perforation before mailing.

In their discretion, the proxy holders are authorized to vote upon the matters set forth in the Notice of Meeting and Proxy Statement dated February 5, 2018 and upon all other such matters as may properly come before the meeting or any adjournment thereof.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEES FOR DIRECTOR IN THE PROPOSALS.

TO VOTE MARK BLOCKS BELOW IN BLUE OR BLACK INK AS SHOWN IN THIS Example:

A Proposals

1. **Election of Common Share Director.** To elect one Class III Director to the Board of Directors to serve until the 2021 Annual Meeting of Shareholders. 01. Martin J. Gilbert	**FOR**	**AGAINST**	**ABSTAIN**
2. **Election of Preferred Share Director.** To elect one Preferred Share Director to the Board of Directors to serve until the 2021 Annual Meeting of Shareholders. 02. William J. Potter	**FOR**	**AGAINST**	**ABSTAIN**
3. To transact such other business as may properly come before the Annual Meeting.			

B Authorized Signatures This section must be completed for your vote to be counted. Sign and Date Below

Note: Please sign exactly as your name(s) appear(s) on this proxy card, and date it. When shares are held jointly, each holder should sign. When signing as attorney, executor, administrator, trustee, guardian, officer of corporation or other entity or in another representative capacity, please give the full title under the signature.

Date (mm/dd/yyyy) Please print date below	Signature 1 Please keep signature within the box	Signature 2 Please keep signature within the box
/ /		

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