

KENNAMETAL INC
Form DEF 14A
September 12, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

KENNAMETAL INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**KENNAMETAL INC.
1600 Technology Way
P.O. Box 231
Latrobe, Pennsylvania 15650-0231**

**Notice of Annual Meeting of Shareowners
to be held October 25, 2011**

To the Shareowners of Kennametal Inc.:

The Annual Meeting of Shareowners of Kennametal Inc. (the Company) will be held at the Quentin C. McKenna Technology Center, located at the Company's executive offices at 1600 Technology Way (on Route 981 South), Latrobe, Unity Township, Pennsylvania, on Tuesday, October 25, 2011 at 2:00 p.m. (Eastern Time) to consider and act upon the following matters:

1. The election of one director for a term to expire in 2013 and the election of three directors for terms to expire in 2014;
2. The ratification of the selection of the independent registered public accounting firm for the fiscal year ending June 30, 2012;
3. The reapproval of the Kennametal Inc. Management Performance Bonus Plan;
4. An advisory vote on executive compensation; and
5. An advisory vote on the frequency of future advisory votes on executive compensation.

Shareowners also will be asked to consider such other business as may properly come before the meeting. The Board of Directors has fixed Friday, September 2, 2011 as the record date (the Record Date). Only shareowners of record at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting.

If you plan to attend the Annual Meeting, please note that each shareowner *must* present valid picture identification, such as a driver's license or passport. Additionally, shareowners holding stock in brokerage accounts (street name holders) *must* bring a copy of a brokerage statement reflecting stock ownership as of the Record Date to be admitted to the Annual Meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

Whether or not you plan to attend the Annual Meeting, please complete, date and sign the enclosed proxy card and return it in the enclosed envelope, or vote by telephone or via the Internet as instructed on the enclosed proxy card, to ensure your shares are voted at the Annual Meeting.

By Order of the Board of Directors

Kevin G. Nowe
*Vice President, Secretary
and General Counsel*

September 14, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF SHAREOWNERS TO BE HELD
OCTOBER 25, 2011**

**This proxy statement and the 2011 Annual Report are available for viewing at
<http://bnymellon.mobular.net/bnymellon/kmt>**

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Proxy Statement for Kennametal Inc. Annual Meeting of Shareowners

October 25, 2011

General Information

When is the 2011 annual meeting?

The 2011 annual meeting of shareowners (the Annual Meeting) will be held on Tuesday, October 25, 2011 at 2:00 p.m. (Eastern Time) at the Quentin C. McKenna Technology Center, located at our executive offices at 1600 Technology Way (on Route 981 South), Latrobe, Unity Township, Pennsylvania, 15650.

When was this Proxy Statement mailed to shareowners?

This proxy statement was first mailed to shareowners on or about September 19, 2011.

Why did I receive this Proxy Statement?

The Board of Directors of Kennametal Inc. (we, us, Kennametal or the Company) is soliciting proxies to be voted at the Annual Meeting to be held on October 25, 2011, and at any adjournment of the Annual Meeting. When we ask for your proxy, we must provide you with a proxy statement that contains certain information specified by law.

What will the shareowners vote on at the Annual Meeting?

Five items:

The election of one director nominated by our Board of Directors (with a term to expire at the 2013 annual meeting) and the election of three directors nominated by our Board of Directors (with terms to expire at the 2014 annual meeting)

The ratification of the selection of PricewaterhouseCoopers LLP, independent registered public accounting firm (the independent auditors), for the fiscal year ending June 30, 2012

The reapproval of the Kennametal Inc. Management Performance Bonus Plan

An advisory vote on executive compensation

An advisory vote on the frequency of future advisory votes on executive compensation

Will there be any other items of business on the agenda?

We do not expect any other items of business; however, in case there is an unforeseen need, the accompanying proxy card gives discretionary authority to the persons named in the proxy card with respect to any other matters that might be brought before the meeting. Those persons intend to vote that proxy in accordance with their best judgment.

Who is entitled to vote?

Shareowners as of the close of business on Friday, September 2, 2011 (the Record Date) may vote at the Annual Meeting. For matters other than the election of directors (for which you are permitted to cumulate votes), you have one vote for each share of capital stock you held on the Record Date, including shares:

held directly in your name as the shareowner of record

held for you in an account with a broker, bank or other nominee

attributed to your account in one of our Company-sponsored 401(k) plans

What constitutes a quorum?

A majority of the outstanding shares, present or represented by proxy, constitutes a quorum for the Annual Meeting. As of the Record Date, 79,555,171 shares of our capital stock were issued and outstanding. Abstentions and broker non-votes (which are explained below) will be counted for purposes of determining a quorum, but will not be counted as votes cast.

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How many votes are required for the approval of each item?

There are different vote requirements for each of the proposals.

The one nominee for director for a term expiring in 2013 and the three nominees for director for terms expiring in 2014 receiving the most votes will be elected. Abstentions, broker non-votes and instructions to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes but will not count as votes against the nominee.

The ratification of the selection of the independent auditors will be approved if the proposal receives the affirmative vote of at least a majority of the votes cast by shareowners present, in person or by proxy, at the meeting. Abstentions will not be counted as votes cast either for or against the proposal.

The Kennametal Inc. Management Performance Bonus Plan will be reapproved by the affirmative vote of at least a majority of the vote cast by shareowners present, in person or by proxy, at the meeting. Abstentions and broker non-votes will not be counted as votes cast either for or against the proposal.

Our executive compensation will be approved (on an advisory basis) by the affirmative vote of at least a majority of the votes cast by shareowners present, in person or by proxy, at the meeting. Abstentions and broker non-votes will not be counted as votes cast either for or against the proposal.

The frequency of future advisory votes on our executive compensation will be decided (on an advisory basis) by a plurality of the votes cast by shareowners present, in person or by proxy, at the meeting. Abstentions and broker non-votes will not be counted as votes cast for purposes of this vote.

Explanation of Broker Non-votes. If your shares are held by a broker (in street name), the broker will ask you how you want your shares to be voted. If you give the broker instructions, your shares will be voted as you direct. If you do not give instructions to your broker, one of two things can happen, depending on the type of proposal. For the ratification of the selection of the independent auditors, which is considered a routine matter, the broker may vote your shares in its discretion. The broker does not have the discretion to vote your shares for the election of directors, the reapproval of the Kennametal Inc. Management Performance Bonus Plan, the advisory vote on executive compensation or the advisory vote on the frequency of future advisory votes on executive compensation; these are considered non-routine matters. If you do not provide voting instructions to your broker for these non-routine matters, the broker may not vote your shares on these proposals at all. When that happens, it is called a broker non-vote.

How do I vote by proxy?

If you are a shareowner of record, you may vote your proxy by any one of the following methods.

By mail. Sign and date each proxy card you receive and return it in the prepaid envelope. Sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as an attorney-in-fact, executor, administrator, guardian, trustee or the officer or agent of a corporation or partnership), please indicate your name and your title or capacity. If the stock is held in custody for a minor (for example, under the Uniform Transfers to Minors Act), the custodian should sign, not the minor. If the stock is held in joint ownership, one owner may sign on behalf of all owners.

By telephone. You may vote by telephone by dialing **1-866-540-5760**. Follow the instructions on the enclosed proxy card. Voting by telephone has the same effect as voting by mail. If you vote by telephone, do not return your proxy card. Telephone voting will be available until 11:59 p.m. Eastern Time on October 24, 2011.

By Internet. You may vote online at <http://www.proxyvoting.com/kmt>. Follow the instructions on the enclosed proxy card. Voting on the Internet has the same effect as voting by mail. If you vote on the Internet, do not return your proxy card. Internet voting will be available until 11:59 p.m. Eastern Time on October 24, 2011.

Voting In Person. If you are a shareowner of record, you may vote your shares in person at the Annual Meeting. However, we encourage you to vote by proxy card, by telephone, or on the Internet even if you plan to attend the Annual Meeting.

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How do I vote shares that are held by my broker?

If you own shares held by a broker or other nominee, you may instruct your broker or other nominee to vote your shares by following the instructions that the broker or nominee provides to you. Most brokers offer voting by mail, by telephone and on the Internet.

How do I vote my shares in the 401(k) plan?

You may instruct the plan trustee on how to vote your shares in the 401(k) plan by mail, by telephone or on the Internet as described above, except that, if you vote by mail, the card that you use will be a voting instruction card rather than a proxy card. You will receive the voting instruction card from the plan trustee in the mail.

How can I revoke a proxy or change my vote?

You have the right to revoke your proxy at any time before the meeting by (1) notifying our Secretary in writing or (2) delivering a later-dated proxy card by telephone, on the Internet or by mail. If you are a shareowner of record, you may also revoke your proxy by voting in person at the Annual Meeting.

How will the named proxies vote my shares?

The shares represented by all properly executed proxies received by the Secretary prior to the Annual Meeting and not revoked will be voted. If you specify a voting choice on the proxy card (or the proxy given by telephone or via the Internet), the shares will be voted in accordance with that choice. If you return your signed proxy card but do not indicate your voting preferences, the Named Proxies (hereinafter defined) will vote on your behalf for the election of the nominees for director listed below, for the ratification of the selection of the independent auditor, for the reapproval of the Kennametal Inc. Management Performance Bonus Plan, for the approval of our executive compensation and for an annual advisory vote on executive compensation.

How will the two advisory votes related to executive compensation be treated?

Although the advisory votes to approve our executive compensation and to approve the frequency of future advisory votes on our executive compensation are non-binding, our Board of Directors will review the results of these votes and, consistent with our record of shareowner engagement, will take them into account in making future determinations concerning executive compensation and the frequency of advisory votes on executive compensation.

What does it mean if I receive more than one proxy card?

It means that you hold shares in more than one account. To ensure that all of your shares are voted, sign and return each card. Alternatively, if you vote by telephone or on the Internet, you will need to vote once for each proxy card and voting instruction card you receive.

Who tabulates the votes?

The votes are tabulated by BNY Mellon Shareowner Services, which acts as an independent inspector of election.

What should I do if I want to attend the Annual Meeting?

If you plan to attend the Annual Meeting, you **must** present valid picture identification, such as a driver's license or passport. If you hold your shares in a brokerage account, you **must also** bring a copy of a brokerage statement reflecting stock ownership as of the Record Date to be admitted to the Annual Meeting. Please do not bring cameras, recording equipment, electronic devices, large bags, briefcases or packages with you. You will be asked to check in with our security personnel and none of these items will be permitted in the Annual Meeting.

If you have questions about directions, admittance or parking, you may call 724-539-5000.

Can I view the Proxy Statement and 2011 Annual Report electronically?

Yes. Copies of this proxy statement and our 2011 Annual Report to Shareowners (the 2011 Annual Report) are available free of charge for electronic (online) access and viewing at <http://bnymellon.mobular.net/bnymellon/kmt>.

You may also view the proxy statement and 2011 Annual Report free of charge on our website at www.kennametal.com in the Investor Relations section under the SEC Filings tab.

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What is householding ?

We have adopted householding, a procedure under which shareowners of record who have the same address and last name and do not receive proxy materials electronically will receive only one copy of our annual report and proxy statement unless one or more of these shareowners notifies us that they wish to continue receiving individual copies. This procedure saves printing and postage costs by reducing duplicative mailings. Shareowners who participate in householding will continue to receive separate proxy cards. Householding will not affect dividend check mailings. Beneficial shareowners can request information about householding from their banks, brokers or other holders of record.

What if I want to receive a copy of the annual report and proxy statement?

You may request a proxy statement or annual report via our website, www.kennametal.com, in the Investor Relations section under the SEC Filings tab. Select Printed Materials Request from the Investor Toolkit menu. If you prefer, you may call our Secretary at 724-539-5776 or write to Kennametal Inc., Attention: Secretary, 1600 Technology Way, Latrobe, Pennsylvania 15650:

If you participate in householding and wish to receive a separate copy of the 2011 Annual Report and proxy statement, or

If you do not participate in householding, but would like a print copy of either the 2011 Annual Report or proxy statement, or

If you wish to receive separate copies of future annual reports and proxy statements.

We will deliver the requested documents to you promptly upon your request.

How can I contact the Company, the Board of Directors, the Lead Director or any of the Independent Directors?

The address of our principal executive offices is 1600 Technology Way, Latrobe, Pennsylvania 15650.

You can send written communications to any of our Board members, addressed to:

Kennametal Inc.
c/o Kevin G. Nowe
Vice President, Secretary and General Counsel
1600 Technology Way
Latrobe, Pennsylvania 15650.

We will forward any communication we receive to the relevant director(s), except for advertisements, solicitations or other matters unrelated to the Company.

What are the procedures for submitting a shareowner proposal or nomination for the 2012 annual meeting?

We expect to hold our 2012 annual meeting in October 2012. If a shareowner wishes to have a proposal considered for inclusion in next year's proxy statement, he or she must submit the proposal in writing so that we receive it by May 22, 2012. Proposals should be addressed to our Secretary at Kennametal Inc., 1600 Technology Way, Latrobe, Pennsylvania 15650. Proposals must comply with Rule 14a-8 of Regulation 14A of the SEC proxy rules and must

contain certain information specified in the Company's By-Laws.

In addition, our By-Laws provide that any shareowner wishing to propose any other business at the 2012 annual meeting must give the Company written notice no earlier than May 1, 2012 and no later than July 1, 2012. That notice must provide certain other information as described in the By-Laws.

Shareowner nominations for directors to be elected at the 2012 annual meeting must be submitted to the Secretary in writing no earlier than May 1, 2012 and no later than July 1, 2012. The By-Laws contain certain requirements for the information that must be provided in any shareowner nomination, including information about the nominee and the nominating shareowner. Please see *Committee Functions - Nominating/Corporate Governance Committee* under the *Board of Directors and Board Committees* section of this proxy statement for additional information regarding shareowner nominations to be considered by the Nominating/Corporate Governance Committee.

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Any shareowner may obtain a copy of the By-Laws or any of our corporate governance materials by submitting a written request to the Secretary at Kennametal Inc., 1600 Technology Way, Latrobe, Pennsylvania 15650.

Who pays for the solicitation of proxies?

Kennametal pays all costs related to the Company's solicitation of proxies. We may solicit proxies by mail, or our directors, officers or employees may solicit proxies personally, by telephone, facsimile or the Internet. We have retained the services of Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902 to assist in soliciting proxies from brokerage houses, custodians, nominees, other fiduciaries and other shareowners of the Company. We will pay all fees and expenses of Morrow & Co., LLC in connection with the solicitation; we do not expect those fees and expenses to exceed \$8,500. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareowners and obtaining their votes.

Fiscal Year.

Kennametal's fiscal year begins each year on July 1 and ends on the following June 30. Any reference to a year in this Proxy Statement is to a fiscal year. For example, references to 2011 or Fiscal 2011 mean the fiscal year beginning July 1, 2010 and ending June 30, 2011.

Stock Split.

Where applicable, the figures presented in this proxy statement have been adjusted to reflect the 2-for-1 stock split effected by the Company on December 18, 2007.

ELECTION OF DIRECTORS

Proposal I. Election of Directors

Kennametal seeks directors with strong reputations and experience in areas relevant to the strategy and operations of our businesses, particularly industries and growth segments that we serve, as well as key geographic markets where we operate. Our Board of Directors has nominated one of our current directors, William J. Harvey, for re-election to serve as a director of the Third Class with a term that will expire in 2013. Our Board has also nominated three of our current directors, Philip A. Dur, Timothy R. McLevish and Steven H. Wunning, for re-election to serve as directors of the First Class with a term that will expire in 2014. Each of the nominees for election as a director at the Annual Meeting and each of the Company's current directors holds or has held senior executive positions in large, complex organizations and has operating experience that meets our objectives, as described below. In these positions, they have also gained experience in core management skills, such as strategic and financial planning, public company financial reporting, corporate governance, risk management and leadership development.

We have provided additional information about each nominee and each director whose term of office will continue after the Annual Meeting below, including the specific characteristics and traits that we believe qualify these individuals to serve as directors of our Company.

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES.

Name, Age and Year First Elected(1)	Principal Occupation and Directorships of Other Publicly Traded Corporations; Qualifications
<i>Nominee for Director of the Third Class With a Term to Expire in 2013</i>	
WILLIAM J. HARVEY Age: 60	Director since 2011
<p>Mr. Harvey serves as President DuPont Packaging & Industrial Polymers (a multi-billion dollar global business unit of E.I. DuPont de Nemours & Company), a position he has held since 2009. Mr. Harvey joined DuPont in 1977. After leaving DuPont in 1992 to become General Managers of the Peroxygen Chemical Division of FMC Corporation, Mr. Harvey rejoined DuPont in 1996 and was appointed Global Business Director for DuPont Packaging & Industrial Polymers. Since that time Mr. Harvey has held various management-level positions with DuPont including Vice President and General Manager of the DuPont Advanced Fiber businesses - Kevlar and Nomex fibers, Vice President - DuPont Corporate Operations and Vice President - DuPont Corporate Plans. Mr. Harvey holds a bachelor's degree in economics from Virginia Commonwealth University and a master's degree from the University of Virginia Darden Graduate School of Business.</p> <p><i>Qualifications:</i> Mr. Harvey brings to the board keen strategic insight and commercial expertise. His wealth of global experience and business acumen position him well to make an excellent contribution to our Company.</p>	
<i>Nominees for Directors of the First Class With a Term to Expire in 2014</i>	
PHILIP A. DUR Age: 67	Director since 2006
<p>Mr. Dur is the retired Corporate Vice President and President, Ship Systems Sector of Northrop Grumman Corporation (a global defense company), having served in those positions from October 2001 to December 2005. Prior to that, he was the Vice President of Program Operations at the Electronic Sensors and Systems Sector for Northrop Grumman. Mr. Dur joined Northrop Grumman in 1999 following five years with Tenneco, Inc. (a global manufacturer of products for the automobile industry), where he held a number of strategic and executive positions, with the latest being Vice President, Worldwide Business Development and Strategy. Mr. Dur also had a long and distinguished career in the U.S. Navy, ultimately rising to the rank of Rear Admiral. He is a Director of TechPrecision Corporation (a provider of specialty and large-scale metallic fabrication, machining and assembly). Mr. Dur holds a bachelor's and master's degree from the University of Notre Dame and a master's degree and doctorate from Harvard University.</p> <p><i>Qualifications:</i> Mr. Dur brings to our Board extensive executive experience in operations and keen strategic insight into the transportation industry and future business opportunities for our Company. He also brings valuable perspective from his service on the board of another public company.</p>	

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**Name, Age and Year
First Elected(1)**

**Principal Occupation and Directorships of
Other Publicly Traded Corporations; Qualifications**

TIMOTHY R. MCLEVISH

Director since 2004

Age: 56

Mr. McLevish served as the Executive Vice President and Chief Financial Officer of Kraft Foods Inc. (a food and beverage company), from October 2007 until May 2011. Before joining Kraft Foods, Mr. McLevish was the Senior Vice President and Chief Financial Officer of Ingersoll-Rand Company Limited (a diversified industrial company) from May 2002 to August 2007. Prior to that, he held a series of finance, administration and leadership roles for Mead Corporation (a forest products company), which he joined in 1987. His final role with Mead was Vice President and Chief Financial Officer, a position he held from December 1999 through March 2002. Mr. McLevish holds a bachelor's degree in accounting from the University of Minnesota and a master's degree in business administration from Harvard Business School. In addition, he is a certified public accountant.

Qualifications: With his experience as a Chief Financial Officer and as a senior finance leader for multiple public companies that operate in diverse global industries, Mr. McLevish brings deep knowledge of financial reporting, internal controls and procedures and risk management to our Board. His extensive experience in public company finance and knowledge of the financial and capital markets enables him to provide insight and guidance to our Board in these areas. He has been designated by our Board as an audit committee financial expert and currently serves as the Chair of our Audit Committee.

STEVEN H. WUNNING

Director since 2005

Age: 60

Mr. Wunning has served as the Group President and an Executive Office member of Caterpillar Inc. (a global manufacturer of construction, mining and industrial equipment) since January 2004. He is responsible for the Resource Industries Group, which includes Advanced Components & Systems Division, Diversified Products Division, Global Purchasing Division, Integrated Manufacturing Operations Division, Mining & Quarry (Solutions) Division and Product Development & Global Technology Division. He is also responsible for driving manufacturing excellence through the Caterpillar Production System. Mr. Wunning originally joined Caterpillar in 1973, and has held numerous positions there with increasing responsibility, including Vice President and then President of Cat Logistics, Corporate Vice President of the Logistics & Product Services Division and Corporate Vice President of Cat Logistics. He has a bachelor's degree from the University of Missouri Rolla now Missouri University of Science and Technology and an Executive MBA from the University of Illinois.

Qualifications: Mr. Wunning brings to our Board his extensive operational and management experience in the areas of quality, manufacturing, product support and logistics for a complex, global organization. He has a deep understanding of the challenges of managing a global manufacturing organization and is able to provide valuable insight and perspective with respect to operations, supply chain logistics and customer relations.

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**Name, Age and Year
First Elected(1)**

**Principal Occupation and Directorships of
Other Publicly Traded Corporations; Qualifications**

Directors of the Second Class Whose Term Will Expire in 2012

RONALD M. DEFEO

Director since 2001

Age: 59

Mr. DeFeo serves as the Chairman of the Board of Terex Corporation (a global manufacturer of machinery and industrial products), a position he has held since March 1998. Since March 1995, he has also served as the Chief Executive Officer of Terex. From October 1993 through December 2006, Mr. DeFeo was also the President and Chief Operating Officer of Terex. He joined Terex in 1992 as the President of the Heavy Equipment Group and later assumed responsibility for Terex's former Clark Material Handling Company subsidiary. Before joining Terex, Mr. DeFeo was a Senior Vice President of J.I. Case Company, the former Tenneco farm and construction equipment division and also served as a Managing Director of Case Construction Equipment throughout Europe. While at J.I. Case, Mr. DeFeo was also a Vice President of North American Construction Equipment Sales and General Manager of Retail Operations. Mr. DeFeo holds a bachelor's of arts degree in Economics and Philosophy from Iona College.

Qualifications: Mr. DeFeo has extensive experience in leading and managing manufacturing companies that operate globally, such as ours. As the Chairman and Chief Executive Officer of a U.S.-based, public, industrial company, Mr. DeFeo brings strong leadership skills and deep knowledge of the manufacturing industry to the Board, as well as valuable perspective from serving on the Board of Terex Corporation.

WILLIAM R. NEWLIN

Director since 1982

Age: 70

Mr. Newlin serves as the Chairman of Newlin Investment Company LLC (a private investment firm founded by Mr. Newlin), a position he has held since April 2007. Since 2009, he has also served as the Chairman of Plextronics, Inc., (a private technology company). From October 2003 to March 2007, Mr. Newlin served as Executive Vice President and Chief Administrative Officer of Dick's Sporting Goods, Inc. (a sporting goods retailer). He was Chairman and Chief Executive Officer of Buchanan Ingersoll Professional Corporation (now Buchanan Ingersoll & Rooney PC, a law firm) from September 1980 to October 2003. Mr. Newlin is a Director of ArvinMeritor, Inc. and Calgon Carbon Corporation. Mr. Newlin holds a bachelor's degree from Princeton University and a juris doctorate from the University of Pittsburgh Law School.

Qualifications: Mr. Newlin has significant experience in leading and managing large organizations, including professional service providers and public and private businesses. He brings extensive experience in major corporate transactions to our Board, along with deep executive leadership and entrepreneurial experience, years of experience providing strategic counsel and legal advice to complex organizations like ours and those of our customers and valuable perspective gained from serving on the boards of other public and private companies.

Table of Contents**Name, Age and Year
First Elected(1)****Principal Occupation and Directorships of
Other Publicly Traded Corporations; Qualifications****LAWRENCE W. STRANGHOENER**

Director since 2003

Age: 57

Mr. Stranghoener serves as the Executive Vice President and Chief Financial Officer of The Mosaic Company (a crop nutrition company), a position that he has held since September 2004. Before joining Mosaic, Mr. Stranghoener was the Executive Vice President and Chief Financial Officer of Thrivent Financial for Lutherans (a Fortune 500 financial services company) from 2001 to 2004. Prior to that, Mr. Stranghoener spent 17 years at Honeywell Inc. where he served in a variety of positions in the U.S. and in Europe, including three years as Chief Financial Officer until Honeywell merged with AlliedSignal in 1999. Mr. Stranghoener started his career as an Investment Analyst at Dain Rauscher. Mr. Stranghoener serves on the board of directors of Aleris International, where he chairs the audit committee. He holds a bachelor of arts degree from St. Olaf College and a master of business administration degree from Northwestern University.

Qualifications: Mr. Stranghoener has extensive experience as a Chief Financial Officer for a variety of organizations. He brings strong leadership skills and a deep understanding of financial reporting and risk management to our Board. His knowledge of the financial and capital markets enables him to provide guidance and valuable insight to our Board and management on these matters. He has been designated by our Board as an audit committee financial expert and has served as the Chair of our Audit Committee in the past.

*Directors of the Third Class With a Term to Expire in 2013***CARLOS M. CARDOSO**

Director since 2006

Age: 53

Mr. Cardoso has served as the Chairman of Kennametal since January 2008. He has also been our President and Chief Executive Officer since January 2006. Previously, Mr. Cardoso served as our Executive Vice President and Chief Operating Officer from January 2005 to December 2005; and Vice President and President, Metalworking Solutions and Services Group, from April 2003 to December 2004. Before joining Kennametal, Mr. Cardoso served as President of the Pump Division of Flowserve Corporation (a manufacturer/provider of flow management products and services) from August 2001 to March 2003. Prior to that, he spent six years with Honeywell International, Inc. (a diversified technology and manufacturing company, formerly Allied Signal, Inc.) in a variety of positions of increasing responsibility, culminating with Vice President and General Manager, Engine Systems and Accessories from March 1999 to August 2001. Prior to Honeywell/AlliedSignal, Mr. Cardoso was Vice President Manufacturing Operations for Colt's Manufacturing Company LLC (a maker of firearms) where he served as a key member of the Executive Team. Early in his career he also owned and operated a machine shop. He is a Director of Stanley Black & Decker, Inc. (a diversified global provider of hand tools, power tools and related accessories). He also serves as the vice chairman of the executive committee of the Manufacturers Alliance/MAPI, a business and research and executive education organization. Mr. Cardoso holds a bachelor's degree in business administration from Fairfield University in Fairfield, Connecticut and a master's degree in management from the Hartford Graduate Center.

Qualifications: Mr. Cardoso has an extensive global background, having lived and worked on three continents, and a deep understanding of the challenges of managing complex, global organizations. In his capacity as our Chairman, he serves as a critical liaison between the Board and management of the Company, and his intimate knowledge of the strategic and growth priorities and day-to-day workings of our businesses provides the Board with valuable perspective and insight.

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**Name, Age and Year
First Elected(1)**

**Principal Occupation and Directorships of
Other Publicly Traded Corporations; Qualifications**

<p>LARRY D. YOST Age: 73</p>	<p>Director since 1987</p>
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Mr. Yost has been serving as the Lead Director of the Board of Directors since January 2008. From January 2007 to December 2007, Mr. Yost served as the Chairman of our Board of Directors. Previously, Mr. Yost was the Chairman and Chief Executive Officer of ArvinMeritor, Inc. (a provider of components for vehicles) from August 2000 until his retirement in August 2004. From 1997 until the 2000 merger of Arvin, Inc. and Meritor Automotive, Inc., Mr. Yost was Chairman and Chief Executive Officer of Meritor (a supplier of automotive components and systems). He is a Director of Intermec, Inc. (a global supply chain solutions provider), where he serves as the Chair of the Compensation Committee) and formerly served as a director of Milacron, Inc. (a global supplier of plastics processing technologies and industrial fluids) and Actuant Corporation (a diversified industrial manufacturer of industrial tools and other products). Mr. Yost holds a bachelor s degree in science from Milwaukee School of Engineering.

Qualifications: Mr. Yost has extensive experience in the industrial and manufacturing sectors, including many years of management experience as a chief executive officer and senior executive of complex manufacturing organizations, such as ours. He has significant experience gained from serving on the boards of other public companies and brings valuable perspective and strong leadership skills to our Board. In his capacity as Lead Director of our Board, he serves as the independent liaison between our management, our shareowners and the Board and he works closely with the Chairman on matters affecting the Company, our business, the Board and all of our stakeholders.

(1) Each current director has served continuously since he was first elected.

Important Information about Proxies and Cumulative Voting

Our Board of Directors selected the persons named on the enclosed proxy card (the Named Proxies) to act as proxies for the Annual Meeting. The Named Proxies have advised the Board that, unless authority is withheld, they will vote the shares represented by them for the election of the nominees named above. Each of the nominees has indicated his willingness to serve as a director. If, at the time of the meeting, any of the nominees is not available to serve as a director (a situation we do not anticipate), the Board may nominate another person in the nominee s stead. In that unlikely event, the Named Proxies intend to vote the shares represented by them for such other person or persons as may be nominated by the Board.

Kennametal shareowners have cumulative voting rights in the election of directors. When voting for directors, you may multiply the total number of shares that you are entitled to vote by the number of directors to be elected in a class. You may then cast the whole number of votes for one nominee or distribute them among the nominees as desired. If you ve given voting instructions to a proxy, that person will follow your instructions. If you have not otherwise instructed the proxy as to cumulative voting, the proxy will have the discretion to exercise cumulative voting rights. Directors are elected by a plurality of votes cast; this means that the individual who receives the largest number of votes cast for a Director of the Third Class will be elected to that class and the three individuals who receive the largest number of votes cast for a Director of the First Class will be elected to that class.

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ETHICS AND CORPORATE GOVERNANCE

Code of Business Ethics and Conduct

All of our directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Corporate Controller, must strictly adhere to our Code of Business Ethics and Conduct (sometimes referred to as the Code).

The Code of Business Ethics and Conduct is designed to:

proactively promote ethical behavior;

protect our valued reputation and the reputations of our directors, officers and employees;

assist all employees to act as good corporate citizens around the world; and

continue to demonstrate that we, and the individuals we employ, can be successful while maintaining the values which have served us well over the years.

We view violations of the Code very seriously. Personal consequences for violations can be severe and can include termination and/or legal action. Directors, officers and employees who know of or suspect a violation of the Code must report the matter to us promptly. Any of these individuals can report a concern or potential violation of the Code:

by approaching or telephoning such person's immediate supervisor or manager, another supervisor or manager, such person's local Human Resource professional, the Office of the General Counsel or the Office of Ethics & Compliance.

in writing directed to the Vice President, Secretary and General Counsel, Kennametal Inc., 1600 Technology Way, P.O. Box 231, Latrobe, Pennsylvania 15650-0231 or by email: k-corp.ethics@kennametal.com.

by calling the Office of Ethics & Compliance at 724-539-4031.

by calling the Company's toll-free HELPLINE (1-877-781-7319). The HELPLINE is accessible twenty-four (24) hours a day. Concerned persons can utilize the HELPLINE on a confidential and anonymous basis.

The Code of Business Ethics and Conduct is posted on our website at www.kennametal.com on the Corporate Governance page, which is accessible under the Investor Relations tab. We will disclose any future amendments to the Code that relate to our directors or executive officers on our website, as well as any waivers of the Code that relate to directors and executive officers.

Corporate Governance

Our Board of Directors adopted the Kennametal Inc. Corporate Governance Guidelines (the Guidelines) to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company. The Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and management level.

A complete copy of the Guidelines is available on our website at www.kennametal.com on the Corporate Governance page, which is accessible under the Investor Relations tab. Any changes to the Guidelines in the future will also be posted on our website. Following is a summary that provides highlights of our Guidelines and many related corporate governance matters:

Selection of New Director Candidates and Criteria for Board Membership

Kennametal believes that the Board as a whole should encompass a range of talent, skill, diversity and expertise that enable it to provide sound guidance with respect to our operations and interests. Board nominees are identified, screened and recommended by the Nominating/Corporate Governance Committee and approved by the full Board. The Nominating/Governance Committee evaluates and ultimately selects director nominees on the basis of a number of criteria, including independence, integrity, diversity, business and industry experience, areas of expertise, ability to exercise sound judgment in areas relevant to our businesses, and willingness to commit sufficient time to the Board. In addition to considering a candidate's background and accomplishments, candidates are reviewed in the context of the current composition of the Board and the evolving needs of our businesses.

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The Nominating/Corporate Governance Committee strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee the Company's businesses.

Although the Nominating/Governance Committee does not have a formal policy with respect to consideration of diversity in identifying director candidates, as noted above, diversity is one of the many important factors considered in any evaluation of a director or director nominee. The Committee believes the term "diversity" encompasses a broad array of personal characteristics, including traditional concepts such as age, gender, race and ethnic background. Equally important to any evaluation of diversity, however, are characteristics such as geographic origin and exposure, skills and training, education, viewpoint, industry exposure and professional experience. The Committee recognizes that diversity of all types can bring distinctive skills, perspectives and experiences to the Board.

The Nominating/Corporate Governance Committee will consider any director candidate nominated by a shareowner in accordance with our By-Laws and applicable law. For further information on shareowner nominating procedures, please refer to the response to the question "What are the procedures for submitting a shareowner proposal or nomination for the 2012 annual meeting?" under the *General Information* section of this proxy statement.

All Board members are expected to ensure that other existing and planned future commitments do not materially interfere with service as a director.

In December 2010, the Nominating/Corporate Governance Committee engaged the services of Spencer Stuart to assist the committee in the identification and evaluation of potential director candidates to fill the vacancy created by Mr. Held's departure following the 2010 annual meeting. Mr. Harvey ultimately joined our Board in April 2011.

Board Composition and Independence

A majority of Board members must qualify as independent directors under the listing standards of the New York Stock Exchange ("NYSE"), the rules and regulations of the Securities and Exchange Commission (the "SEC") and the requirements of any other applicable regulatory authority.

Only those directors who the Board affirmatively determines have no material relationship with the Company, either directly or indirectly, will be considered independent directors. The Board's determination is based on the standards for independence under the rules of the NYSE and those of any other applicable regulatory authority and also on additional qualifications set forth in the Guidelines regarding:

Indebtedness of the director or immediate family members, or affiliates of the director, to the Company;

Indebtedness of the Company to affiliates of the director; and

A director's relationships with charitable organizations.

In June and July 2011, our management compiled and summarized our directors' responses to a questionnaire asking them about their relationships with the Company (and those of their immediate family members) and other potential conflicts of interest. This information, along with material provided by management related to transactions, relationships or arrangements between the Company and the directors or parties related to the

directors was presented to the Nominating/Corporate Governance Committee for its review and consideration. The Nominating/Corporate Governance Committee determined that none of our non-employee directors, all of whom are listed below, has had during the last three years (i) any of the relationships listed above or (ii) any other material relationship with the Company that would compromise his independence under the listing standards of the NYSE, the rules and regulations of the SEC and/or the requirements set forth in our Guidelines. The table below includes a description of certain transactions, relationships or arrangements considered by the Nominating/Corporate Governance Committee in reaching its determination. The committee presented its findings to the Board at its July 2011 meeting. Based upon the conclusions and recommendation of the Nominating/Corporate Governance Committee, the Board determined that all non-employee directors are independent, and that all of the members of the Audit, Compensation and Nominating/Corporate Governance Committees also meet the independence tests referenced above.

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Name	Independent	Transactions/Relationships/Arrangements Considered
Ronald M. DeFeo	Yes	Commercial relationships between Terex Corporation and its subsidiaries and Kennametal Inc. (Kennametal as supplier) immaterial
Philip A. Dur	Yes	None
William J. Harvey	Yes	None
Timothy R. McLevish	Yes	None
William R. Newlin	Yes	None
Lawrence W. Stranghoener	Yes	None
Steven H. Wunning	Yes	Commercial relationships between Caterpillar Inc. and Kennametal Inc. (Kennametal as supplier) immaterial
Larry D. Yost	Yes	None

Outside Board Membership

Management directors are required to seek and obtain the approval of the Board before accepting outside board memberships. Non-management directors must advise the Chairman of the Board and the Chair of the Nominating/Corporate Governance Committee in advance of accepting an invitation to serve on another board. Sitting on another public company's board should not create a conflict of interest or impair the director's ability to provide sufficient time to carry out his or her duties as a director of the Company.

Retirement Age

Unless otherwise determined by the Nominating/Corporate Governance Committee due to special circumstances, no director may be nominated for re-election or re-appointment to the Board if he or she would be age seventy-three (73) or older at the time of election or appointment.

Conflicts of Interest

Directors must avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of conflict. We solicit information annually from directors in order to monitor potential conflicts of interest. Any potential conflict of interest must be immediately reported to the Chairman of the Board, the Chair of the Nominating/Corporate Governance Committee and the Lead Director, if one has been designated, for evaluation. If a director has a personal interest in a matter before the Board, the director must disclose the interest to the Board, excuse himself or herself from participation in the matter and not vote on the matter.

Directors Orientation and Continuing Education

Each new director must participate in the Company's orientation program, which should be conducted within two (2) months of the meeting at which the new director is elected.

Directors are encouraged to participate in continuing education programs, as appropriate, to maintain the skills necessary to perform their director duties and responsibilities.

Board Compensation

In accordance with our Stock Ownership Guidelines (which are applicable to our directors, executives and key managers and are described in the *Compensation Discussion and Analysis* section of this proxy statement), a meaningful portion of director compensation is required to be in the Company's stock or deferred stock credits to further the direct correlation of directors' and shareowners' economic interests.

Directors who serve on the Audit Committee, Compensation Committee and/or Nominating/Corporate Governance Committee do not receive any compensation from us other than director fees (including fees paid for service on Board committees).

Directors who are employees (currently only our Chairman, Mr. Cardoso) do not receive additional cash compensation for service as a director.

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Board Leadership Structure

Our Board is led by Mr. Cardoso, our Chairman, President and Chief Executive Officer. Mr. Cardoso has served as our President and Chief Executive Officer since January 2006 and as our Chairman since January 2008. Our By-Laws and Guidelines give the Board the flexibility to determine whether the roles of Chief Executive Officer and Board Chairman should be held by the same person or by two separate individuals. Each year in October, the Board evaluates our leadership structure and determines the most appropriate structure for the coming year based upon its assessment of our position, strategy and long term plans for our Company. The Board also considers the specific circumstances facing the Company and the characteristics and membership of the Board. At this time, the Board has determined that having Mr. Cardoso serve as both the Chief Executive Officer and the Chairman is in the best interest of our shareowners. We believe this structure makes the best use of the Chief Executive Officer's extensive knowledge of the Company, our strategic initiatives and our industry, and also fosters real-time communication between management and the Board.

When the roles of Chairman and Chief Executive Officer are combined in one individual, as they are now, the Board also has the ability to designate a Lead Director to provide additional leadership and guidance to the Board. Larry D. Yost currently serves as our Lead Director, a position he has held since January 2008, when Mr. Cardoso assumed the Chairman role. As our Lead Director, Mr. Yost consults with the Chairman to set agendas and establish Board priorities and procedures. He presides over executive sessions of the non-management directors and acts as the principal liaison between the non-management directors and the Chief Executive Officer. Our Guidelines contain a list of the various responsibilities with which Mr. Yost, as Lead Director, is tasked. In addition to the responsibilities described above, the Lead Director also:

Consults with the Compensation Committee for the annual evaluation of the Chief Executive Officer's performance, and, together with the Chair of the Compensation Committee, meets with the Chief Executive Officer to discuss that evaluation.

Provides feedback to the Chief Executive Officer with respect to the quality, quantity and timeliness of the flow of information from management to the non-management directors.

Assists the Board and management in assuring implementation of and compliance with the Guidelines and our Code of Business Ethics and Conduct.

Selection of Agenda Items for Board Meetings

Agendas for Board meetings are established by the Chairman in consultation with the Lead Director, Board members and Chief Executive Officer (where a person other than the Chairman occupies this position). Board members are also encouraged to raise, at any Board meeting, subjects that are not on the agenda for that meeting.

The Chair of each committee, taking into account recommendations of committee members and in consultation with appropriate management, establishes the agenda for each committee meeting.

Distribution of Board Materials

A preliminary agenda and presentation materials are distributed to Board and committee members in advance of each meeting, to the extent practicable.

Executive Sessions of the Board/Communications with Directors

Non-management directors meet privately in regularly scheduled executive sessions without the presence of any management. The Lead Director presides over these executive sessions.

Any interested party that wishes to communicate with the Chairman, Lead Director, non-management directors or independent directors individually or as a group may do so by:

sending correspondence directed to our Secretary, Mr. Kevin G. Nowe. The address can be found in the *General Information* section of this proxy statement in the response to the question How can I contact the Company, the Board of Directors, the Lead Director or any of the Independent Directors?

calling the Company's toll-free HELPLINE (1-877-781-7319). The HELPLINE is accessible twenty-four (24) hours a day. Concerned persons can utilize the HELPLINE on a confidential and anonymous basis.

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We will forward any communication regarding our Company to the appropriate director or directors as soon as practicable.

Board Access to Management and Independent Advisors

Board members have complete access to management and the Company's outside advisors.

The Board is authorized to retain, as it deems necessary and appropriate, independent advisors of its choice with respect to any issue relating to its activities.

Assessing the Performance of the Board

The Board's performance is assessed annually to determine whether the Board and its committees are functioning effectively. The Nominating/Corporate Governance Committee oversees this assessment.

Board Committees

The Board has three standing committees: Audit, Compensation and Nominating/Corporate Governance.

Only independent directors serve on our committees. Directors serving on the Audit Committee must also meet the additional independence and financial literacy qualifications, as required under the Securities Exchange Act of 1934, as amended (the Exchange Act), the listing standards of the NYSE and the rules and regulations of any other applicable regulatory authority.

Each committee has a written charter, which details its duties and responsibilities. The committee charters are posted on our website at www.kennametal.com on the Corporate Governance page, which is accessible under the Investor Relations tab.

Each committee is led by a Chair, who is appointed by the Board annually, based upon the recommendation of the Nominating/Corporate Governance Committee.

Minutes of each committee meeting are provided to each Board member to assure that the Board remains fully apprised of topics discussed and actions taken. The Chair of each committee also regularly reports at Board meetings on committee matters.

Board of Director Review and Approval of Related Person Transactions

The Board is responsible for the review, approval and monitoring of transactions involving the Company and related persons (generally directors and executive officers or their immediate family members or shareowners owning five percent or greater of the Company's outstanding stock). The Nominating/Corporate Governance Committee assists the Board with the evaluation and monitoring of any of these transactions.

The Board and/or the Nominating/Corporate Governance Committee must review any related person transaction that meets the minimum threshold for disclosure in the proxy statement under the relevant SEC rules (generally, transactions involving amounts exceeding \$120,000 in which a related person has a direct or indirect material interest). The Board and/or the Nominating/Corporate Governance Committee is guided by the following parameters when considering any transaction with a related person:

Related person transactions must be approved by the Board or the Nominating/Corporate Governance Committee, who will approve the transaction only if they determine that it is in the best interests of the Company. In considering the transaction, the Board or the Nominating/Corporate Governance Committee will consider all relevant factors, including, as applicable: (a) the Company's business rationale for entering into the transaction; (b) the alternatives to entering into a related person transaction; (c) whether the transaction is on terms comparable to those available to third parties, or in the case of employment relationships, to employees generally; (d) the potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflicts; (e) the overall fairness of the transaction to the Company; and (f) if a director is involved in the transaction, whether or not the approval of the transaction would impact his or her status as independent.

The Nominating/Corporate Governance Committee will periodically monitor the transaction to ensure that there are no changed circumstances that would render it advisable for the Company to amend or terminate

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the transaction. The Nominating/Corporate Governance Committee will also periodically report at Board meetings on related person transaction matters to assure that the Board remains fully apprised of topics discussed and actions taken.

Procedures for review, approval and monitoring of related person transactions are set forth in our Guidelines and include the following:

Management or the affected director or executive officer must bring the matter to the attention of the Chairman, the Lead Director, if any, the Chair of the Nominating/Corporate Governance Committee or the Secretary.

The Chairman will determine whether the matter should be considered by the Board or by the Nominating/Corporate Governance Committee. If the Chairman is involved in the transaction and a Lead Director has been designated, then the Lead Director shall make the determination. If no Lead Director has been designated, the Chairman shall consult with the Chairs of the standing committees to determine whether the matter should be reviewed by the full Board or by the Nominating/Corporate Governance Committee.

If a director is involved in the transaction, he or she will be recused from all discussions and decisions about the transaction.

The transaction must be approved in advance whenever practicable and, if not practicable, must be ratified, amended or terminated as promptly as practicable after proper review.

Formal Evaluation of the Chief Executive Officer

The Compensation Committee, together with the Lead Director and the rest of the non-management directors, annually evaluates the overall performance of the Chief Executive Officer.

The evaluation is based on objective criteria, including performance of the business, accomplishment of long-term strategic objectives and development of management. For additional information about the Compensation Committee's evaluation of the Chief Executive Officer, as well as how the evaluation is related to compensation decisions, please see the discussion in the *Compensation Discussion and Analysis* section of this proxy statement.

Succession Planning

Each year, the Chief Executive Officer delivers a report on succession planning to the Board, which includes an assessment of senior officers and their potential to succeed the Chief Executive Officer and other senior management positions.

Review of the Guidelines and Code of Business Ethics and Conduct

The Nominating/Corporate Governance Committee annually reviews the Guidelines and the Code of Business Ethics and Conduct and recommends any changes to the Board.

The Board's Oversight of Risk Management

The Board recognizes that companies face a variety of risks, including credit risk, liquidity risk, strategic risk and operational risk. The Board believes an effective risk management system will (1) timely identify the material risks that the Company faces, (2) communicate necessary information with respect to material risks to senior executives and, as appropriate, to the Board or relevant Board Committee, (3) implement appropriate and responsive risk management strategies consistent with Company's risk profile, and (4) integrate risk management into Company decision-making. The Board has designated the Audit Committee to take the lead in overseeing risk management. The Audit Committee makes periodic reports to the Board regarding briefings provided by management and advisors as well as the committee's own analysis and conclusions regarding the adequacy of the Company's risk management processes. The full Board receives an annual overview of the Company's enterprise risk management operations, material risks and uncertainties facing the Company, and the Company's strategic and operational plans for addressing and mitigating those risks. In addition to the formal compliance program, the Board encourages and management promotes a corporate culture that incorporates risk management into the Company's

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corporate strategy and day-to-day business operations. The Board also continually works, with the input of our management and executive officers, to assess and analyze the most likely areas of future risk for the Company.

BOARD OF DIRECTORS AND BOARD COMMITTEES**Meeting Information**

The Board of Directors held six meetings during 2011. Each director attended at least 75% of the total number of meetings of the Board and the committees on which he served (during the periods the director served on the committee). We expect our directors to attend our Annual Meeting absent exceptional circumstances. All of the members of the Board of Directors attended the annual meeting in October 2010, except for Mr. Harvey who did not join the Board until March 2, 2011.

The table below shows committee membership and the number of meetings of the full Board and each committee in 2011.

	Board	Audit	Compensation	Nominating/ Corporate Governance
Carlos M. Cardoso	Chair			
Ronald M. DeFeo	Member		Member	Chair
Philip A. Dur	Member		Member	Member
William J. Harvey	Member		Member	Member
Timothy R. McLevish	Member	Chair		Member
William R. Newlin	Member		Chair	Member
Lawrence W. Stranghoener	Member	Member	Member	
Steven H. Wunning	Member	Member	Member	
Larry D. Yost	Member	Member		
No. of Meetings in Fiscal Year 2011	6	8	6	4

Board Committees

The Board has three standing committees: Audit, Compensation and Nominating/Corporate Governance. Each member of these committees is independent under the NYSE's listing standards, SEC regulations and the standards set forth in the Corporate Governance Guidelines discussed above.

Each committee has a written charter, which details its duties and responsibilities. The committee charters are posted on our website at www.kennametal.com on the Corporate Governance page, which can be found under the Investor Relations tab.

Each committee performs an annual self-evaluation, using the roles and responsibilities outlined in its committee charter as a foundation for the review and evaluation. The Nominating/Corporate Governance Committee reviews and considers the results of each committee's self-evaluation. The Chair of each committee also reports the results of the committee's self-evaluation to the full Board.

Committee Functions

Audit Committee: The Audit Committee assists the Board in overseeing the Company's financial reporting process. You can find additional information about the functions of the Audit Committee under the *Audit Committee Report* section of this proxy statement. The Board has determined that all of the members of the Audit Committee are financially literate, and that Mr. Stranghoener and Mr. McLevish each qualify as an audit committee financial expert as that term is defined by SEC regulations.

Compensation Committee: The Compensation Committee's functions include: recommending an overall compensation policy to the Board; having direct responsibility for matters relating to compensation of our executive officers; overseeing the Company's compensation policies and procedures and monitoring risks related to them; advising the Board regarding management succession; and administering our equity compensation plans, cash incentive plans and deferred compensation plans. The Compensation Committee has the authority under its charter to delegate any of its duties and responsibilities (or functions) to a subcommittee of the Compensation Committee

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consisting of one or more members, as appropriate. You can find additional information about the Compensation Committee's functions and processes in the *Compensation Discussion and Analysis* section of this proxy statement.

Compensation Committee Interlocks and Insider Participation: There are no Compensation Committee interlocks and no insider participation in compensation decisions that are required to be disclosed in this proxy statement.

Nominating/Corporate Governance Committee: The Nominating/Corporate Governance Committee's functions include: ensuring that the Board is properly constituted to meet its fiduciary responsibilities; identifying and recommending qualified candidates for membership to the Board; having direct responsibility for matters relating to the compensation of our directors; and recommending directors for committee membership. The committee also takes a leadership role in shaping the Company's corporate governance.

The Nominating/Corporate Governance Committee will evaluate shareowner nominees on the same basis as all other nominees. Section 8 of our By-Laws describes the process by which shareowners may submit director nominations at an annual meeting or special meeting. Any shareowner of the Company who is entitled to vote at a meeting, who has complied with the notice procedures set forth in Section 8 may propose a director nomination. The procedures for a shareowner to nominate a director include the following:

The shareowner must have given timely written notice in proper form, to the Secretary of the Company including, without limitation, the shareowner's name and address. The deadlines for providing notice to the Company of a proposed director nomination for our next annual meeting are set forth in our By-Laws and summarized in the response to the question "What are the procedures for submitting a shareowner proposal or nomination for the 2012 annual meeting?" under the *General Information* section of this proxy statement.

The notice provided to the Secretary of the Company must set forth in reasonable detail information concerning the nominee and must include all information relating to a nominee that would be required to be disclosed in a proxy statement or other filings.

The notice provided to the Secretary of the Company must include a description of all arrangements or understandings between the shareowner making the nomination and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the shareowner.

The notice provided to the Secretary of the Company must include a representation that the shareowner making the nomination is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present the nomination.

The notice provided to the Secretary of the Company must include the consent of each nominee to serve as director of the Company if elected.

The foregoing summary of our shareowner director nomination procedures is not complete and is qualified in its entirety by reference to the full text of our bylaws that has been publicly filed with the SEC and is available at www.sec.gov.

Board of Directors Compensation and Benefits

The Board has delegated primary responsibility for matters relating to compensation of our directors to the Nominating/Corporate Governance Committee. Because the Nominating/Corporate Governance Committee is also responsible for the recruitment of new directors and ensuring that the Board and committees are properly constituted, the Board believes that compensation matters relating to our directors should also reside with the

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee recommends the overall compensation structure for directors to the Board for full review and approval.

Committee Review of Director Compensation

The Nominating/Corporate Governance Committee reviews director compensation on a regular basis. Historically, the committee responsible for director compensation matters has undertaken a comprehensive review of our director compensation program no less than once every two years. The Nominating/Corporate Governance

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Committee has the authority to retain outside advisors in connection with its review and analysis of director compensation matters.

Equity Ownership by Directors

The Board believes that directors should hold meaningful equity ownership positions in the Company. Accordingly, a significant portion of overall director compensation is in the form of Company equity, as shown in the *Overview of Director Compensation* section below. Our Stock Ownership Guidelines and Insider Trading Policy requires our directors to accumulate and maintain equity ownership in the Company having a value of no less than five times the annual retainer within five years of the date they become subject to the policy.

Overview of Director Compensation

We do not pay any additional cash compensation to management employees who serve as directors. In addition, no director who is employed by the Company may serve on any committee. Currently, Mr. Cardoso, who serves as the Chairman of the Board, is the only employee of the Company that serves as a director. The compensation paid to Mr. Cardoso is included in the 2011 Summary Compensation Table and the related text and compensation tables. Our non-employee directors receive a combination of cash and equity compensation for their services as a director or committee member as described below.

Cash Compensation for Non-Employee Directors

In 2011, our non-employee directors were entitled to receive the following cash compensation:

Annual Cash Retainer

Lead Director	\$ 54,500
All Other Non-Employee Directors	\$ 34,500

Annual Cash Stipend for Committee Chairman

Audit Committee	\$ 16,500
Compensation Committee	\$ 13,500
Nominating/Corporate Governance Committee	\$ 13,500

Annual Cash Stipend for Committee Service (other than as Chairman)

Audit Committee	\$ 9,900
Compensation Committee	\$ 8,000
Nominating/Corporate Governance Committee	\$ 8,000

Equity Compensation

Equity compensation for our non-employee directors consists of:

**Annual Grant of Restricted Stock, Restricted Units
or Deferred Stock Credits
Stock Options**

\$40,000
One-time grant of 14,000 shares upon election to Board of
Directors; annual grant of 7,000 shares thereafter.

Perquisites and Personal Benefits

All non-employee directors receive \$50,000 of life insurance coverage, which is paid for by the Company. In addition, for Fiscal 2011 directors received tax reimbursements for income imputed to them for the premiums we paid for this insurance. Beginning in Fiscal 2012, however, directors will no longer receive such tax reimbursements. We also reimburse directors for customary travel and related expenses for their attendance at Board or committee meetings.

Table of Contents*Deferred Fee Plan*

We have a Deferred Fee Plan for outside directors (the Deferred Fee Plan). On an annual basis, our non-employee directors may elect to defer payment of all or a portion of the cash fees they are entitled to receive from the Company for their services as a director or committee member all of which amounts will be credited as stock credits under the Directors Stock Incentive Plan (described below).

Directors Stock Incentive Plan

Under the Directors Stock Incentive Plan, any non-employee director may elect (i) to receive shares of the Company's capital stock in lieu of all or a portion of any cash compensation they are otherwise entitled to receive or (ii) to have stock credits credited to an account established by the Company for such participating director.

If a non-employee director elects to receive shares of the Company's capital stock in lieu of all or a portion of the compensation otherwise payable to such director, the director will receive, on the date that the compensation otherwise would have been paid, the number of shares of capital stock of the Company that could have been purchased on that date based on the amount of compensation subject to the election and the fair market value of the Company's capital stock on that date.

If a non-employee director makes a stock credit election, an account established for the non-employee director and maintained by the Company is credited with that number of stock credits equal to the number of shares of capital stock that could have been purchased with the amount of compensation subject to a stock credit election based on the fair market value of the Company's capital stock on the day that the compensation would have been paid to the non-employee director. Dividend equivalents are credited to the account of any director who has elected to receive stock credits in lieu of compensation. Dividend equivalents are calculated at the same rate as the current dividend; there is no preferential or above-market earnings potential for deferrals into stock credits. In the event of a change in control, issued and outstanding shares of capital stock equal to the aggregate number of stock credits in each non-employee director's stock credit account would be contributed to a deferred compensation trust (a so-called Rabbi Trust) established by the Company and administered by an independent trustee.

Matching Gifts Program

Directors are eligible to participate in our Matching Gifts Program, which is also generally available to all U.S. employees. Under the program, the Kennametal Foundation will match gifts to qualified institutions on a dollar-for-dollar basis up to \$5,000 per calendar year.

2011 Director Compensation

The following table shows the actual compensation we paid to our non-employee directors for service on the Board and applicable committees in 2011. Mr. Cardoso does not receive additional compensation for his service on our Board.

2011 Non-Employee Director Compensation(1)

Name	Fees Earned or Paid in Cash (\$)(2)	Stock Awards (\$)(3)(4)	Option Awards (\$)(5)	All Other Compensation (\$)(6)	Total (\$)
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Ronald M. DeFeo	56,000	40,012	64,245	189	160,446
Philip A. Dur	50,500	40,012	64,245	554	155,311
William J. Harvey	15,500		195,401	95	210,996
Timothy R. McLevish	59,052	40,012	64,245	189	163,498
William R. Newlin	56,000	40,012	64,245	895	161,152
Lawrence W. Stranghoener	52,400	40,012	64,245	5,189	161,846
Steven H. Wunning	52,505	40,012	64,245	5,214	161,976
Larry D. Yost	64,400	40,012	64,245	5,895	174,552

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- (1) Mr. Cardoso, our President and Chief Executive Officer, is also the Chairman of our Board. Mr. Cardoso's compensation is reported in the Summary Compensation Table and other compensation tables set forth herein. Mr. Cardoso does not receive any additional compensation for his service on our Board.
- (2) Our directors may elect to receive these fees in cash, in shares of our capital stock, or in deferred stock credits.
- (3) On August 1, 2010, each non-employee director (except for Mr. Harvey, who did not join the Board until March 2, 2011) received a grant of restricted units with a grant date fair value of \$40,012 (rounded to the nearest whole share) or deferred stock credits amounting to \$40,012 (for those who elected to defer their restricted unit awards into deferred stock credits). Restricted unit awards vest 33% per year over a three year period beginning on the first anniversary of the grant date. Deferred stock credits may not be paid until the third anniversary of the grant date. The aggregate number of stock awards held by each director as of June 30, 2011 is set forth below in the Supplemental Table to 2011 Non-Employee Director Compensation Table.

The values set forth in this column are based on the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718 (excluding the effect of estimated forfeitures). Please refer to Note 17 to the financial statements included in Kennametal's Annual Report on Form 10-K for 2011 for a discussion of additional assumptions used in calculating grant date fair value.

- (4) For their Fiscal 2011 annual grants, our directors could elect to receive restricted units or deferred stock credits. We pay dividends on unvested restricted stock shares and dividend equivalents on unvested restricted units during the restriction period, but the dividends are not preferential. For those directors who elected to defer their restricted unit awards into deferred stock credits, their accounts are credited quarterly with dividend equivalents, but again, these are not preferential.
- (5) On August 1, 2010, each non-employee director (other than Mr. Harvey) received a grant of 7,000 stock options with a grant date fair value of \$64,245. These stock option awards vest 33% per year over a three year period beginning on the first anniversary of the grant date. The exercise price for each award is determined by taking the average of the highest and lowest sales prices as quoted on the New York Stock Exchange Composite Transactions reporting system for the last trading day prior to the grant date. Mr. Harvey received an initial grant of 14,000 stock options on April 1, 2011. This award vests 33% per year over a three year period beginning on the first anniversary of the grant date. The exercise price for this award is determined by taking the closing price on the grant date as quoted on the New York Stock Exchange Composite Transactions reporting system. The aggregate number of option awards held by each director as of June 30, 2011 is set forth below in the Supplemental Table to 2011 Non-Employee Director Compensation Table.

The values set forth in this column are based on the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718 (excluding the effect of estimated forfeitures). Please refer to Note 17 to the financial statements in Kennametal's Annual Report on Form 10-K for 2011 for a discussion of additional assumptions used in calculating grant date fair value.

- (6) These amounts consist of premiums paid by the company for life insurance and tax reimbursements for income imputed to the directors for these premiums. For Messrs. Stranghoener, Wunning and Yost, the amounts also include donations made by us on behalf of the directors to charitable organizations under the Matching Gifts Program described above.

Table of Contents**Supplemental Table to 2011 Non-Employee Director Compensation Table**

Name	Aggregate Options Outstanding at Fiscal Year End	Aggregate Unvested Stock Awards Outstanding at Fiscal Year End(a)	Aggregate Deferred Unvested Stock Awards Outstanding at Fiscal Year End(b)
Ronald M. DeFeo	77,000	2,730	1,433
Philip A. Dur	39,260	3,181	
William J. Harvey	14,000		
Timothy R. McLevish	62,000	1,488	1,928
William R. Newlin	77,000	3,181	
Lawrence W. Stranghoener	80,000	451	3,438
Steven H. Wunning	53,000	2,730	1,433
Larry D. Yost	83,000		4,871

- (a) For Mr. DeFeo, this number includes 2,730 restricted units. For Mr. Dur, this number includes 451 shares of restricted stock and 2,730 restricted units. For Mr. McLevish, this number includes 1,488 restricted units. For Mr. Newlin, this number includes 451 shares of restricted stock and 2,730 restricted units. For Mr. Stranghoener, this number includes 451 shares of restricted stock. For Mr. Wunning, this number includes 2,730 restricted units.
- (b) Represents restricted stock or restricted units that have been deferred into deferred stock credits and have not yet vested.

AUDIT COMMITTEE REPORT**Functions of the Audit Committee**

The Audit Committee (we or the committee) assists the Board in its oversight of: the quality and integrity of the Company s financial statements, internal controls and disclosures; the Company s compliance with legal and regulatory requirements; the performance, qualifications and independence of the Company s independent auditors; and the performance of the internal audit function. We have the sole authority to appoint, retain, terminate and replace the Company s independent auditors, subject to shareowner ratification with respect to retention at the next regularly scheduled annual meeting of shareowners. We perform an annual self-assessment to evaluate the composition, activities and interactions of the committee and submit the results of the self-assessment to both the Nominating/Corporate Governance Committee and the Board.

Responsibilities

Management is responsible for the Company s financial reporting process and system of internal controls and for the preparation and presentation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. The independent auditors are responsible for planning and carrying out an audit of the financial statements and internal control over financial reporting in accordance with standards established by the

Public Company Accounting Oversight Board (PCAOB) and issuing a report on that audit. Our responsibility is to provide oversight to these processes. We do not certify the financial statements or guarantee the auditor s report. To fulfill our oversight role, we rely (without independent verification) on the information provided to us, the representations made by management and the independent auditors and the report of the independent auditors.

Complaints

Anyone, including any Company employee, who has a complaint or concern regarding the Company s accounting, internal auditing controls or auditing matters may communicate that complaint or concern to the committee:

in writing directed to the Vice President, Secretary and General Counsel, Kennametal Inc., 1600 Technology Way, P.O. Box 231, Latrobe, Pennsylvania 15650-0231

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by calling the Company's toll-free HELPLINE (1-877-781-7319). The HELPLINE is accessible twenty-four (24) hours a day. Concerned persons can utilize the HELPLINE on a confidential and anonymous basis.

Monitoring Activities in 2011

We held eight (8) meetings in 2011. During these meetin