KENNAMETAL INC
Form PRE 14A
September 03, 2014
Table of Contents

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 þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

þ 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):

þ 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:

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(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:

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(3) Filing Party:

(4) Date Filed:

Table of Contents

KENNAMETAL INC.

1600 Technology Way

P.O. Box 231

Latrobe, Pennsylvania 15650-0231

Notice of Annual Meeting of Shareowners

to be held October 28, 2014

To the Shareowners of Kennametal Inc.:

The Annual Meeting of Shareowners (Annual Meeting) 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 28, 2014 at 2:00 p.m. (Eastern Time) to consider and act upon the following matters:

1. The election of three directors to the First Class for terms to expire in 2017;

2. The ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015;

3. A non-binding (advisory) vote to approve the compensation paid to the Company s named executive officers, as disclosed in this Proxy Statement; and

4. The approval of amendments to our Articles of Incorporation and By-Laws to adopt a majority voting standard for director elections and to eliminate cumulative voting.

Shareowners also will be asked to consider such other business as may properly come before the meeting. The Board of Directors has fixed Friday, August 29, 2014 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.

We are taking advantage of a U.S. Securities and Exchange Commission Rule that allows companies to furnish their proxy materials over the Internet rather than in paper form. We believe that this delivery process will reduce our environmental impact and over time lower the costs of printing and distributing our proxy materials. We believe that we can achieve these benefits with no impact on our shareowners timely access to this important information. If you have received a Notice and you would prefer to receive proxy materials (including a proxy card) in printed form by mail or electronically by email, please follow the instructions contained in the Notice.

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 vote by telephone, via the Internet or complete, date and sign and return a 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 17, 2014

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF SHAREOWNERS TO BE HELD

OCTOBER 28, 2014

This Proxy Statement and the 2014 Annual Report are available for viewing at

www.envisionreports.com/KMT

Table of Contents

2014 PROXY SUMMARY

This 2014 Proxy Summary highlights certain information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider before voting, and we strongly encourage you to carefully read the entire proxy statement before voting.

General Information About the 2014 Annual Meeting of Shareowners

Date and Time:	Tuesday, October 28, 2014 at 2:00 p.m. (Eastern Time)
Location:	Quentin C. McKenna Technology Center, located at our executive offices at 1600 Technology Way (on Route 981 South), Latrobe, Unity Township, Pennsylvania, 15650
Record Date:	August 29, 2014
Voting:	For matters other than the election of directors (for which shareowners are permitted to cumulate votes), shareowners as of the Record Date have one vote for each share of capital stock held by such person on the Record Date

Proposals to be Considered and Board Recommendations

Proposal	Board Voting Recommendation	Page Reference (for more detail)
Election of Three Directors to the First Class with Terms Expiring in 2017	FOR EACH DIRECTOR NOMINEE	**6**
Ratification of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending June 30, 2015	FOR	**26**
Non-binding (advisory) vote to approve the compensation paid to the Company s named executive officers, as disclosed in this Proxy Statement	FOR	**70**
Approval of amendments to our Articles of Incorporation and By-Laws to adopt a majority voting standard for director elections and to eliminate cumulative voting	FOR	**74**

Table of Contents

Board Nominees

Name	Age	Director Since	Occupation	Independent	Committee Memberships AC	CC	N/CG	Other Public Company Boards
Philip A. Dur	70	2006	Retired Corporate Vice President and President, Ship Systems Sector of Northrop Grumman Corporation	Yes		X	X	
Timothy R. McLevish	59	2004	Executive Vice President and Chief Financial Officer, Walgreens Co.	Yes	X		X	
Steven H. Wunning	63	2005	Group President and an Executive Office member of Caterpillar Inc.	Yes	X	X		

AC Audit Committee

CC Compensation Committee

N/CG Nominating/Corporate Governance Committee

Attendance: In Fiscal 2014, each of our director nominees attended at least 75% of the Board and committee meetings on which he sat.

Director Elections: Directors are elected by a plurality of votes cast; meaning the three individuals who receive the largest number of votes cast for a director of the First Class will be elected to that class.

Cumulative Voting: Shareowners currently have cumulative voting rights in the election of directors. This means that when voting for directors, shareowners may multiply the total number of shares that they are entitled to vote by the number of directors to be elected in a class and may then cast the whole number of votes for one nominee or distribute their votes among the nominees as desired.

Corporate Governance Highlights

Our Board has a strong commitment to ethical conduct and good corporate governance, which promotes the long-term interests of shareowners, strengthens Board and management accountability and helps build public trust in the Company. The dashboard below provides a snapshot of the Company s current corporate governance policies.

Proposed change from Plurality Voting to Majority Voting in Director Elections This year, the Board of Directors (Board) is submitting a proposal to our shareowners to change the voting standard in director elections from plurality voting to majority voting (Please see Proposal IV).

Governance Guidelines The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the Company. The guidelines address matters such as the Board s mission, Director responsibilities, Director qualifications, determination of Director independence, Board committee structure, Chief Executive Officer performance evaluation and management succession. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

Independent Directors Our Board is comprised of all independent directors, other than our Chief Executive Officer.

Independent Directors Regularly Meet Our independent directors meet in executive sessions at each regularly scheduled Board meeting led by our Lead Independent Director.

Independent Lead Director Our Lead Director has been selected by our independent directors and has broad powers and works closely with our Chairman in managing Board matters.

Table of Contents

Independent Board Committees We have three standing Board committees with only independent members.

Annual Board and Committee Self-Evaluation Our Board and Board committees engage in a self-evaluation process annually.

High Rate of Board Attendance Our Board members attended more than 75% of all Board meetings in Fiscal 2014.

No poison pill The Board currently does not have a poison pill in place.

Strong stock ownership and retention guidelines for Directors and Executive Officers We have adopted Stock Ownership Guidelines for directors, executives and key managers to effectively link the interests of management and our shareowners and to promote an ownership culture throughout our organization. We believe that stock should be acquired and held in quantities that encourage management to make decisions and take actions that will enhance Company performance and increase its value.

Anti-hedging, anti-pledging and anti-shorting policy Our insider trading policy prohibits the hedging of Company stock by directors, executives and other key managers without the prior approval and express authorization of the Company s General Counsel. Further, this policy also prohibits the pledging of Company stock by directors, executives and other key managers unless the General Counsel has granted an exception to the individual. An exception to this prohibition may be granted where an individual wishes to pledge Company stock as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged stock.

Announced Retirement of Our CEO

On August 19, 2014, the Company announced that Chairman, President and CEO, Carlos Cardoso, has decided to retire from the Company effective on December 31, 2014. This will be a seamless leadership transition as our Board of Directors commences its search for Mr. Cardoso s successor. Our Board expects to complete this search before December 31, 2014. The search process will consider both internal and external candidates.

Fiscal 2014 Highlights

The Company achieved the following performance in sales, profitability and returns for Fiscal 2014 (see Appendix A for a reconciliation of these non-GAAP financial measures to the comparable GAAP measures):

Sales of $2.8 billion for Fiscal 2014, compared with $2.6 billion in Fiscal 2013.

Reported earnings per share (EPS) of $1.99 (as adjusted to exclude acquisition impact and nonrecurring charges: $2.50) for Fiscal 2014 compared with reported EPS of $2.52 in Fiscal 2013.

Adjusted return on invested capital (ROIC) for Fiscal 2014 was 7.6% compared to ROIC of 9.5% in Fiscal 2013.

Earnings Before Interest and Tax (EBIT) margin performance results for Fiscal 2014 was 9.1% (as adjusted to exclude acquisition impact and nonrecurring charges: 11.1%) compared to 11.3% for Fiscal 2013.

Free Operating Cash Flow (FOCF) was at $156 million for Fiscal 2014 compared to $204 million in Fiscal 2013.

Compensation Highlights for Fiscal 2014

The following are the highlights of our 2014 compensation program:

Our Compensation Committee has adopted a strong pay-for-performance philosophy.

Compensation is paid in a mix of base salary; an annual cash-based incentives under our Prime Bonus plan; and equity-based long-term incentive awards (consisting of stock options, restricted stock and performance share units).

Table of Contents

Compensation is tied to individual performance and Company performance, so that a substantial portion of the compensation provided to our executive officers is at risk.

Payment of annual cash-based incentives under the Prime Bonus plan is based on achieving critical measures of Company performance, consistent with our pay-for-performance philosophy. 2014 Prime Bonus payments were based on achievement of three corporate performance metrics FOCF, revenue growth and EPS. The Compensation Committee added FOCF as a key performance metric in the Prime Bonus design for 2014 to focus on primary working capital and inventory management, in addition to the continued use of annual EPS and sales growth goals.

For 2014, the Compensation Committee maintained a safety modifier (providing for upward or downward adjustment of +/- 10%) in our Prime Bonus design based on the Company s performance against a recordable incident rate reduction plan, which the Compensation Committee considers to be a key measure of employee safety.

Our equity-based long-term incentive program is intended to drive the achievement of critical long-term business objectives, align management s interests with those of our shareowners and foster retention of key executives. In Fiscal 2014, 50% of the target value of each executive s long-term incentive opportunity was granted as performance units, 30% was granted as stock options and 20% was granted as restricted units (all are settled in stock). This is similar to the 2013 awards.

Vesting of performance units is based on the attainment of two financial performance goals EPS and ROIC. Performance units are subject to an additional continuous service requirement, which provides that award recipients must remain employed by the Company through the payout date in order to receive the payout, generally three years after the grant date. Restricted units and stock options time vest based on continuous service with the Company.

Our Fiscal 2014 financial performance had the following effects on the performance-based awards held by our NEOs:

Component (1) of Mr. Cardoso s 2014 Prime Bonus award as well as the 2014 Prime Bonus awards for Messrs. Simpkins, Tucker and Jacko were based 100% on achievement of Kennametal sales growth, EPS, and FOCF. Based on the Company s Fiscal 2014 results, these NEOs were paid 2014 cash incentives equal to 33.4% of their targeted awards.

For Mr. Dragich, his 2014 Prime Bonus Plan award was based 80% on achievement of the Kennametal sales growth, EPS and FOCF and 20% on EBIT results specifically for our Integrated Supply Chain and Logistics function (ISCL), which he manages. Based on the Company s and the ISCL s 2014 EBIT results, Mr. Dragich was paid a 2014 Prime Bonus award equal to 42.4% of his targeted award.

The first tranche (1/3) of the 2014 performance units were earned (subject to the satisfaction of the continuous employment condition) at a combined total of 70.6% (58.3% for the EPS metric and 82.8% for the ROIC metric) of target based on the Company having achieved above threshold but below target for EPS and ROIC performance goals set for Fiscal 2014.

The second tranche (1/3) of the 2013 performance units were forfeited due to the Company not having achieved the threshold EPS and ROIC performance goals set for Fiscal 2014.

The third tranche (1/3) of the 2012 performance units were forfeited due to the Company not having achieved the threshold EBIT margin performance goals set for Fiscal 2014.

Table of Contents

TABLE OF CONTENTS

Table of Contents

GENERAL INFORMATION

When and where is the 2014 annual meeting?

The 2014 annual meeting of shareowners (the Annual Meeting) will be held on Tuesday, October 28, 2014 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.

Why did I receive a Notice in the mail regarding the Internet availability of proxy materials instead of a full set paper copy of this Proxy Statement and the 2014 Annual Report?

We are taking advantage of an SEC rule that allows companies to furnish their proxy materials over the Internet rather than in paper form. This rule allows a company to send some or all of its shareowners a Notice regarding Internet availability of proxy materials (Notice). Instructions on how to access the proxy materials over the Internet or how to request a paper copy of proxy materials may be found in the Notice.

If you have received a Notice and you would prefer to receive proxy materials (including a proxy card) in printed form by mail or electronically by email, please follow the instructions contained in the Notice.

Why didn t I receive a Notice in the mail regarding the Internet availability of proxy materials?

The SEC rules that allow us to furnish our proxy materials over the Internet rather than in paper form do not require us to do so for all shareowners. We may choose to send certain shareowners the Notice, while sending other shareowners a full set paper copy of our Proxy Statement, 2014 Annual Report, Notice and proxy card.

How can I access the proxy materials over the Internet?

The Notice contains instructions on how to view the proxy materials on the Internet, vote your shares on the Internet and obtain printed or electronic copies of the proxy materials. An electronic copy of this Proxy Statement and the 2014 Annual Report are available at **www.envisionreports.com/KMT.**

When was the Notice or other proxy materials mailed to shareowners?

The Notice of this Proxy Statement was first mailed to shareowners on or about September 17, 2014. Once the Notice is received, Shareowners have the option of (1) accessing the proxy materials, including instructions on how to vote, online; or (2) requesting that those materials be sent to the Shareowner in paper. Opting to receive your proxy materials online will save the Company the cost of producing and mailing documents to your home or business, and will also give you an electronic link to the proxy voting site.

Why did I receive a Notice or a copy of 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 b held on October 28, 2014, 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?

The Board of Directors has submitted four proposals for your consideration at this meeting:

- The election of three directors to the First Class for terms to expire in 2017;
- The ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015;

A non-binding (advisory) vote to approve the compensation paid to the Company s named executive officers, as disclosed in this Proxy Statement; and

The approval of amendments to our Articles of Incorporation and By-Laws to adopt a majority voting standard for director elections and to eliminate cumulative voting.

Table of Contents

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

We do not expect any other items of business to be presented at the meeting. However, in case there is an unforeseen need, your proxy also gives discretionary authority to the named proxy holders with respect to any other matters that might be brought before the meeting. Those proxy holders intend to vote your proxy on any such matter in accordance with their best judgment.

Who is entitled to vote?

Shareowners as of the close of business on Friday, August 29, 2014 (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 hold 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, 79,048,870 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.

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

There are different vote requirements for each of the proposals.

- The three nominees for director for terms expiring in 2017 receiving the most votes will be elected (this is also called a plurality vote). Shareowners currently have cumulative voting rights in the election of directors. This means that when voting for directors, shareowners may multiply the total number of shares that they are entitled to vote by the number of directors to be elected in a class and may then cast the whole number of votes for one nominee or distribute their votes among the nominees as desired. 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 compensation paid to our named executive officers, as disclosed in this Proxy Statement, will be approved (on a non-binding advisory basis) 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 and broker non-votes will not be counted as votes cast either for or against the proposal.
- The amendments to the Articles of Incorporation and By-Laws to adopt a majority voting standard in elections of directors and to eliminate cumulative voting 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 and broker non-votes will not be counted as votes cast either for

or against the proposal.

What are 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.

Table of Contents

Brokers do not have the discretion to vote your shares for the election of directors, for the non-binding advisory vote to approve the compensation paid to our named executive officers, as disclosed in this Proxy Statement, or for the vote to approve of amendments to our Articles of Incorporation and By-Laws to adopt a majority voting standard in director elections and to eliminate cumulative voting because these proposals are considered to be 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?

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

By Internet. You may vote online at **www.envisionreports.com/KMT.** You may follow the instructions on the Notice or in the proxy card. Voting on the Internet has the same effect as voting by mail. If you vote on the Internet, you do not need to return a proxy card. Internet voting will be available until 11:59 p.m. Eastern Time on October 27, 2014.

By telephone. You may vote by telephone by dialing **1-800-652-8683**. Follow the instructions on your Notice or proxy card. Voting by telephone has the same effect as voting by mail. If you vote by telephone, you do not need to return a proxy card. Telephone voting will be available until 11:59 p.m. Eastern Time on October 27, 2014.

By mail. The Notice includes directions on how to request paper copies of this Proxy Statement, the 2014 Annual Report and a proxy card. Once you receive a paper proxy card, you may vote your shares by signing and dating each proxy card that 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.

Voting In Person. If you are a shareowner of record, you may vote your shares in person by ballot 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.

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

If you own shares held by a broker or other nominee (i.e., its street name), you may instruct your broker or other nominee to vote your shares by following the instructions that your 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 will receive a voting instruction card from the plan trustee in the mail. 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.

How can I revoke a proxy or change my vote?

You have the right to revoke your proxy and change your vote 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.

Who are Named Proxies and how will they vote my shares?

Our Board of Directors selected the persons named on the Notice and proxy card (the Named Proxies) to act as proxies for the Annual Meeting. If you specify a voting choice, the shares will be voted in accordance with that choice. If you vote your shares, but do not indicate your voting preferences, the Named Proxies will vote on your behalf for the election of the nominees for director listed below, for the ratification of the selection of the

3

Table of Contents

independent auditors, for the approval (on a non-binding advisory basis) of the compensation paid to our named executive officers, as disclosed in this Proxy Statement, and for the approval of the amendments to our Articles of Incorporation and By-Laws to adopt majority voting in director elections and eliminate cumulative voting.

How will the advisory vote related to executive compensation be treated?

Although the advisory vote to approve the compensation paid to our named executive officers is non-binding, our Board of Directors will review the results of this vote and, consistent with our strong record of shareowner engagement, will take the results of the votes into account in making future determinations concerning executive compensation.

What does it mean if I receive more than one Notice, proxy card or voting instruction?

It means that you hold shares in more than one account. To ensure that all of your shares are voted, please vote as instructed in each Notice or sign and return each proxy card (if you have requested and received paper copies of this Proxy Statement and a proxy card). If you vote by telephone or on the Internet, you will need to vote once for each Notice, proxy card or voting instruction card you receive.

Who tabulates the votes?

The votes are tabulated by Computershare, 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 2014 Annual Report electronically?

Yes. Copies of this Proxy Statement and our 2014 Annual Report to Shareowners (the 2014 Annual Report) are available free of charge for electronic (online) access and viewing at **www.envisionreports.com/KMT.**

You may also view the Proxy Statement and 2014 Annual Report free of charge on our website at www.kennametal.com in the Investor Relations section under the SEC Filings tab.

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, under About Us, Investor Relations. 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 2014 Annual Report and Proxy Statement, or

Table of Contents

If you do not participate in householding, but would like a print copy of either the 2014 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 2015 annual meeting?

We expect to hold our 2015 annual meeting in October 2015. If a shareowner wishes to have a proposal considered for inclusion in next year s proxy statement, such shareowner must submit the proposal in writing so that we receive it by May 20, 2015. 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 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 2015 annual meeting must give the Company written notice no earlier than May 1, 2015 and no later than June 30, 2015. That notice must provide certain other information as described in the By-Laws.

Shareowner nominations for directors to be elected at the 2015 annual meeting must be submitted to the Secretary in writing no earlier than May 1, 2015 and no later than June 30, 2015. 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.

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 $10,000. 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.

Table of Contents

What is the Company s 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 2014, fiscal year 2014, or Fiscal 2014 mean the fiscal year beginning July 1, 2013 and ending June 30, 2014.

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 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 2017. 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. Included in each Director nominee s biography below is an assessment of the specific qualifications, attributes, skills and experience of such nominee based on the qualifications described above.

We have no reason to believe that any of the nominees will be unable or unwilling to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board.

The Board believes that the combination of the various qualifications, skills and experiences of the Director nominees would contribute to an effective and well-functioning Board and that, individually and as a whole, the Director nominees possess the necessary qualifications to provide effective oversight of the business and quality advice and counsel to the Company s management.

On August 19, 2014, the Company announced that Chairman, President and CEO, Carlos Cardoso, has decided to retire from the Company effective on December 31, 2014, and his retirement will result in a vacancy in our Third Class with a term to expire in 2016. As permitted under our By-Laws, the vacancy may be filled by a majority vote of the remaining members of the Board and the person so elected shall be a director to serve for the balance of Mr. Cardoso s unexpired term and until his successor has been selected and qualified or until his earlier death, resignation or removal.

Kennametal shareowners currently 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 the votes 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 three individuals who receive the largest number of votes cast for a Director of the First Class will be elected to that class.

Table of Contents

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

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.

Nominee for Directors of the First Class With a Term to Expire in 2017

PHILIP A. DUR Director since 2006

Age: 70

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.

Qualifications: 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 Tech Precision Corporation, a public company.

TIMOTHY R. MCLEVISH Director since 2004

Age: 59

Mr. McLevish serves as Executive Vice President and Chief Financial Officer, Walgreens Co. (the nation s largest drugstore chain), since August 4, 2014. From October 2007 to April 2014, Mr. McLevish held various positions within Kraft Foods Group and Kraft Foods Inc. (a food and beverage company) including Executive Vice President and Chief Financial Officer and Executive Vice President within Kraft Foods Group; and, the positions of Executive Vice President and Executive Vice President and Chief Financial Officer within Kraft Foods Inc. 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 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.

Table of Contents

STEVEN H. WUNNING Director since 2005

Age: 63

Mr. Wunning has served as the Group President and Executive Office member of Caterpillar Inc. (a global manufacturer of construction, mining, and industrial equipment) since January 2004. He has administrative responsibility for the Resource Industries Group, which includes Advanced Components & Systems Division, Integrated Manufacturing Operations Division, Mining Products Division, Mining Sales & Marketing Division, and Product Development & Global Technology Division. Mr. Wunning 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.

Directors of the Second Class With a Term to Expire in 2015

RONALD M. DEFEO Director since 2001

Age: 62

Mr. DeFeo serves as the Chairman of the Board and Chief Executive Officer of Terex Corporation (a global manufacturer of machinery and industrial products), positions he has held since March 1998 and March 1995, respectively. 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 Company, 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. Mr. DeFeo currently serves as the Chair of our Nominating/Corporate Governance Committee.

Table of Contents

WILLIAM R. NEWLIN Director since 1982

Age: 73
Mr. Newlin has been serving as Lead Director of the Board of Directors since October 2012. 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. 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 Meritor, 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. 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. Mr. Newlin also serves as the Chair of our Compensation Committee.

LAWRENCE W. STRANGHOENER Director since 2003

Age: 60
Mr. Stranghoener serves as Interim Chief Executive Officer of The Mosaic Company (a crop nutrition company), a position he has held since June 1, 2014. Prior to that, he served as Executive Vice President and Chief Financial Officer of the Company, a position he 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 Allied Signal Inc. (Allied Signal) 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.

Table of Contents

Directors of the Third Class With a Term to Expire in 2016

CARLOS M. CARDOSO Director since 2006

Age: 56

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 / Allied Signal, 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. Mr. Cardoso has been named one of America s Best Chief Executive Officers by *Institutional Investor Magazine*. He is Chairman of the Board of Trustees for the Manufacturers Alliance for Productivity and Innovation (MAPI), and is a member of The Stanley Black & Decker Board of Directors, the Hubbell Incorporated Board of Directors, and the National Association of Manufacturers (NAM) Board of Directors. Mr. Cardoso is also a member of the U.S. Department of Commerce Manufacturing Council, advising the Secretary of Commerce on matters of global competitiveness and government policies and programs important to U.S. manufactures. Additionally, he is the co-chair of the Pennsylvania Governor s Manufacturing Council, a Team Pennsylvania Foundation-led initiative, helping to identify and prioritize top issues to influence, sustain and advance manufacturing in the Commonwealth of Pennsylvania. 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.

CINDY L. DAVIS Director since 2012

Age: 52

Ms. Davis serves as the Vice President, Nike, Inc., and President, Nike Golf (a global leading innovator in athletic footwear, apparel, equipment and accessories), a position she has held since 2008. Ms. Davis joined Nike, Inc. in 2005 as General Manager, Nike Golf USA after holding a variety of marketing and executive positions for companies such as the Arnold Palmer Golf Company and The Golf Channel. Ms. Davis earned an MBA in marketing and finance at the University of Maryland, and a bachelor of arts in economics at Furman University in Greenville, South Carolina.

Qualifications: Ms. Davis winning track record of driving innovation and profitable growth, globally, positions her as an excellent fit to our Board of Directors.

10

Table of Contents

WILLIAM J. HARVEY Director since 2011

Age: 63

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 Manager 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.

Qualifications: Mr. Harvey brings to the Board keen strategic insight and commercial expertise. His wealth of global experience and business acumen make an excellent contribution to our Board.

Table of Contents

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; or
- by accessing the Company s web-based HELPLINE portal located on our website at www.kennametal.com on the Ethics and Compliance page which is accessible under the About Us tab.

The Code of Business Ethics and Conduct is posted on our website at www.kennametal.com on the Ethics and Compliance page, which is accessible under the About Us 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 page under the About Us 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

Table of Contents

nominees are identified, screened and recommended by the Nominating/Corporate Governance Committee and approved by the full Board. The Nominating/Corporate 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.

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/Corporate 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 Nominating/Corporate Governance 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 Nominating/Corporate Governance 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 2014 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 their service as a director of the Company.

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. Currently, Mr. Cardoso, our Chairman, President and CEO, is the only director on our Board who is not independent.

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 requirements for independence set forth under the listing standards 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 his or her immediate family members or affiliates, to the Company;

Indebtedness of the Company to affiliates of the director; and

A director s relationships with charitable organizations.

In June and July 2014, our management compiled and summarized our directors   responses to a questionnaire asking them to disclose any relationships they (or any of their immediate family members or affiliates) have with the Company and any other potential conflicts of interest. Their responses, along with materials 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 described above; or (ii) any other material relationship with the Company that would compromise his or her 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 the transactions, relationships or arrangements considered by the Nominating/Corporate Governance Committee in reaching its determination. The Nominating/Corporate Governance Committee presented its findings to the Board at its July 2014 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.

Name	Independent	Transactions/Relationships/Arrangements Considered
Cindy L. Davis	Yes	None
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	Commercial relationships between E.I. DuPont de Nemours & Company and its subsidiaries and Kennametal Inc. (Kennametal as supplier) immaterial
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(1)	Yes	None

(1) Mr. Yost s independence was assessed as he was a Director for a period of time in Fiscal 2014. Mr. Yost retired from the Board at the 2013 Annual Meeting.

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.

Table of Contents

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), directors are required to hold meaningful equity ownership positions in the Company in order to further the direct correlation of directors and shareowners economic interests. Please see *Equity Ownership by Directors* under the *Board of Directors and Board Committees* section of this Proxy Statement for additional information regarding our Stock Ownership Guidelines, as they apply to our directors.

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.

Board Leadership Structure

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. 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.

Currently, our Board is led by Mr. Cardoso, who is also our 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. On August 19, 2014, the Company announced that Mr. Cardoso has decided to retire from the Company effective on December 31, 2014, and on his retirement, he will no longer serve as either the Chairman of our Board or as our President and Chief Executive Officer.

Mr. Newlin currently serves as our Lead Director, a position he has held since October 2012. As our Lead Director, Mr. Newlin 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. Newlin, as Lead Director, is tasked. In addition to the responsibilities described above, the Lead Director also:

Consults with the Compensation Committee in connection with the annual evaluation of the Chief Executive Officer s performance and, together with the Chair of the Compensation Committee (where a person other than the Lead Director occupies this position) 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; and

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

At the same time that our Board considers who will succeed Mr. Cardoso as President and Chief Executive Officer, our Board will also evaluate our current Board leadership structure and determine the most appropriate structure after Mr. Cardoso s retirement based upon the Board s assessment of many factors including who will succeed Mr. Cardoso as President and Chief Executive Officer, our Company s position at that time, our future strategy, the Board s long-term plans for our Company and the characteristics and membership of the Board.

Table of Contents

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 members of 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 at the address set forth 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.

We will forward any communication we receive regarding our Company to the appropriate director or directors as soon as practicable, except for advertisements, solicitations or other matters unrelated to the Company.

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 and Compensation Committee must also meet the additional independence (and financial literacy qualifications for Audit Committee members), 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 by each of the committees. The Chair of each committee also regularly reports to the Board 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 entities that they may be deemed to control, 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 that may be 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 any related person transaction to ensure that there are no changed circumstances that would render it advisable for the Company to adjust the terms of or terminate 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 issues discussed and actions taken.

Procedures for review, approval and monitoring of related person transactions are set forth in our Guidelines and summarized below:

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.

Table of Contents

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 relates 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.

On August 19, 2014, the Company announced that Mr. Cardoso has decided to retire from the Company effective on December 31, 2014, and on his retirement, he will no longer serve as either the Chairman of our Board or as our President and CEO. This will be a seamless leadership transition as our Board has already commenced its search for Mr. Cardoso s successor, which the Board expects to complete before December 31, 2014. The search process will consider both internal and external candidates.

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 processes, 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 risk management program, the Board encourages and management promotes a corporate culture that incorporates risk management into the Company s 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.

Table of Contents

BOARD OF DIRECTORS AND BOARD COMMITTEES

Meeting Information

The Board of Directors held six meetings during 2014. Each director attended at least 75% of the total number of meetings of the Board and the committees on which he/she 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 2013.

The table below shows committee membership and the number of meetings of the full Board and each committee in 2014.

	Board	Audit	Compensation	Nominating/ Corporate Governance
Carlos M. Cardoso	Chair			
Cindy L. Davis	Member	Member		Member
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	
No. of Meetings in Fiscal Year 2014	6	8	5	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 our Guidelines, as 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 the 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

Table of Contents

Compensation Committee 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, without limitation, the following requirements:

- 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 2014 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 By-Laws 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

Table of Contents

our director compensation program no less than once every two years. The Nominating/Corporate Governance Committee has the authority to retain outside advisors in connection with its review and analysis of director compensation matters. The Committee engaged an independent compensation consultant, Pay Governance, in January 2014 to prepare a report on the trends in director compensation to ensure that our program is competitive and appropriate given the Company s objectives and market practices.

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 require 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 Board 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, in his capacity as our President and Chief Executive Officer, is included in the 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 2014, our non-employee directors were entitled to receive the following cash compensation:

Annual Cash Retainer	
Lead Director	$ 75,000
All Other Non-Employee Directors	$ 50,000
Annual Cash Stipend for Committee Chair	
Audit Committee	$ 25,000
Compensation Committee	$ 18,000
Nominating/Corporate Governance Committee	$ 16,000
Annual Cash Stipend for Committee Service (other than as Chair)	
Audit Committee	$ 10,000
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	$ 40,000
Stock Options	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. Directors do not receive tax reimbursements for income imputed to them for the premiums we pay for life insurance coverage. We reimburse directors for customary travel and related expenses for their attendance at Board and committee meetings, as well as continuing education programs, as appropriate.

21

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 and 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 any portion of cash compensation they are otherwise entitled to receive; or (ii) to have stock credits (representing an equivalent amount of the cash being deferred) 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 any portion of the cash 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 cash compensation being deferred pursuant 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 is credited with a number of stock credits equal to the number of shares of capital stock that could have been purchased with the amount of cash compensation being deferred 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 cash 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. Generally, unless a director has selected a different payment option, as permitted under the plan, the director will receive upon his/her Separation from Service (as defined in the plan) that number of shares of the Company s capital stock equal to the number of stock credits in such director s account multiplied by the fair market value of the Company s capital stock as of the date of the director s Separation from Service.

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.

Table of Contents

2014 Non-Employee 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 2014.

2014 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
Cindy L. Davis	60,366	40,037	96,516	2,613	199,532
Ronald M. DeFeo	66,250	40,037	96,516	318	203,121
Philip A. Dur	58,250	40,037	96,516	647	195,450
William J. Harvey	58,250	40,037	96,516	2,818	197,621
Timothy R. McLevish	74,000	40,037	96,516	211	210,764
William R. Newlin	93,342	40,037	96,516	2,745	232,640
Lawrence W. Stranghoener	60,250	40,037	96,516	10,229	207,032
Steven H. Wunning	60,313	40,037	96,516	10,318	207,184
Larry D. Yost	22,250	40,037	96,516	332	159,135

(1) Mr. Cardoso, our President and Chief Executive Officer, is also the Chairman of our Board. Mr. Cardoso s compensation for serving as our President and Chief Executive Officer 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, 2013, each non-employee director received a grant of restricted units with a grant date fair value of $40,037 (rounded to the nearest whole share) or deferred stock credits amounting to $40,037 (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, 2014 is set forth below in the Supplemental Table to 2014 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 16 to the financial statements included in Kennametal s 2014 Annual Report for a discussion of additional assumptions used in calculating grant date fair value.

(4) We pay 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, 2013, each non-employee director received a grant of 7,000 stock options with a grant date fair value of $96,516. 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 closing price on the grant date as quoted on the New York Stock Exchange Composite Transactions reporting. The aggregate number of option awards held by each director as of June 30, 2014 is set forth below in the Supplemental Table to 2014 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 16 to the financial statements included in Kennametal s 2014 Annual Report 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. For Ms. Davis and Messrs. Harvey, Newlin, Stranghoener, and Wunning, 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 2014 Non-Employee Director Compensation Table

Name	Aggregate Options Outstanding at Fiscal Year End	Aggregate Unvested Stock Awards Outstanding at Fiscal Year End	Aggregate Deferred Unvested Stock Awards Outstanding at Fiscal Year End(a)
Cindy L. Davis	21,000	885	
Ronald M. DeFeo	56,000	1,954	
Philip A. Dur	42,000	1,954	
William J. Harvey	35,000	885	2,200
Timothy R. McLevish	83,000		3,100
William R. Newlin	65,000	1,954	
Lawrence W. Stranghoener	65,000		3,100
Steven H. Wunning	74,000	1,954	
Larry D. Yost			

(a) Represents restricted stock units that were electively deferred by the Board member into deferred stock credits subject to a minimum deferral period of three years from the date of the grant.

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 (GAAP). 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.

Table of Contents

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 2014

We held eight (8) meetings in 2014. During these meetings, we discussed with management, the internal auditors and the Company s independent auditors, PricewaterhouseCoopers LLP (PwC) (to the extent applicable), the quality and adequacy of the Company s internal control over financial reporting, the internal audit function s organization, responsibilities, budget and staffing and the results of internal audit examinations. We also reviewed with both PwC and the internal auditors their respective audit plans, audit scope and identification of audit risks, and met separately with PwC and with the internal auditors, without management present, to discuss the results of their examinations, their evaluations of the Company s internal control over financial reporting and the overall quality of the Company s financial reporting. We reviewed the interim financial information contained in each quarterly earnings announcement and each Form 10-Q filed with the SEC in 2014 and discussed this information with PwC and with the Company s Chief Financial Officer and Corporate Controller prior to release. We also reviewed and discussed with both management and PwC the audited financial statements for the year ended June 30, 2014 prior to release.

The discussions with PwC included the matters required by GAAP, including those described in the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the PCAOB in Rule 3200T, related to communication with audit committees. We received from PwC written disclosures and the letter required by applicable requirements of the PCAOB regarding PwC s communications with us concerning their independence, and discussed with PwC their independence.

Based on these reviews and these meetings, discussions and reports, we have recommended to the Board of Directors that the Company s audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2014 for filing with the SEC. We have retained PwC as the Company s auditor for the fiscal year ending June 30, 2014, and are submitting that decision for shareowner ratification at the Annual Meeting as discussed below.

Audit Committee

Timothy R. McLevish, Chair

Cindy L. Davis

Lawrence W. Stranghoener

Steven H. Wunning

Table of Contents

PROPOSAL II. RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS

OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2015

The Audit Committee has retained PwC as the Company s independent registered public accountants for the fiscal year ending June 30, 2015. As a matter of good corporate practice, the Audit Committee is submitting its selection to our shareowners for ratification at the Annual Meeting. Unless otherwise directed by the shareowners, proxies will be voted in favor of the ratification of the selection of PwC as the Company s independent public accountants for the fiscal year ending June 30, 2015. In the event that this selection is not ratified by the shareowners, the Audit Committee will consider this vote in determining its future selection of an auditor. Even if the selection is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that a change would be in the best interests of the Company and its shareowners.

Representatives of PwC attended all meetings of the Audit Committee held during Fiscal 2014. The Audit Committee reviewed the non-audit services provided by PwC in 2014 and, based on that review, determined that the non-audit services provided by PwC were compatible with maintaining the independence of PwC.

Representatives of PwC will attend the Annual Meeting, and will have the opportunity to make a statement at the meeting if they wish. They also will be available to respond to appropriate questions from shareowners in accordance with the rules of the meeting.

Fees and Services

Fees for professional services (including expense) rendered by PwC to the Company and its subsidiaries in 2013 and 2014 were as follows (in millions):

	2013	2014
Audit Fees(1)	$ 4.5	$ 4.6
Audit-Related Fees		
Tax Fees(2)	0.5	0.9
All Other Fees		
TOTAL	$ 5.0	$ 5.5

(1) These fees relate to services provided for the audit of the consolidated financial statements, subsidiary and statutory audits, the issuance of consents and assistance with the review of documents filed with the SEC. Also included are fees for services related to the audit of the Company s internal control over financial reporting.

(2) These fees relate primarily to tax compliance services, tax planning advice and tax audit assistance.

Audit Committee Pre-Approval Policy

The Audit Committee annually adopts a policy for pre-approval of audit and non-audit services to be provided by the independent auditors. Under the policy, the Audit Committee pre-approves categories of services and fee caps for each category. The pre-approved services include: (i) audit services, such as statutory audits and internal control-related services, services associated with regulatory filings and consultations regarding disclosure treatment of certain transactions or events; (ii) audit-related services, such as due diligence and accounting consultations; (iii) tax services, such as tax compliance (domestic and international) and tax planning and advice; and (iv) other permissible non-audit services that the Audit Committee believes will not impair the auditor s independence. The Audit Committee must specifically pre-approve the terms of the annual audit services engagement. All other audit and permissible non-audit services not specifically covered by the policy, and any proposed services which materially exceed the pre-approved fee levels, require separate specific pre-approval by the Audit Committee. The Audit Committee has delegated pre-approval authority to its Chairman. The Chairman must report any specific pre-approval decisions to the Audit Committee at the next scheduled meeting for review and ratification. The policy requires the auditor to provide the Audit Committee with detailed supporting documentation regarding the specific services to be provided.

Table of Contents

All audit and non-audit services provided by PwC in 2014 were pre-approved under this policy.

Vote Required

The ratification of the selection of PricewaterhouseCoopers, LLP as our independent registered public accountants for the fiscal year ending June 30, 2015 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 BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

Table of Contents

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following is a discussion and analysis of our compensation programs as they apply to our Chief Executive Officer, Chief Financial Officer and the next three most highly compensated executive officers in Fiscal 2014 (our named executive officers or our NEOs):

Carlos M. Cardoso: Chairman, President & Chief Executive Officer (CEO)*

Frank P. Simpkins: Vice President & Chief Financial Officer (CFO)

John R. Tucker: Vice President & President, Business Groups**

John H. Jacko, Jr.: Vice President & Chief Marketing Officer

Peter A. Dragich: Vice President, Integrated Supply Chain and Logistics

* Mr. Cardoso will retire from service to the Company on December 31, 2014, as announced by the Company on August 19, 2014.

** Mr. Tucker will retire from service to the Company in December 2014, as announced by the Company on May 20, 2014. As a result, Mr. Tucker s title changed to Vice President Special Projects effective as of June 9, 2014.

In this Compensation Discussion and Analysis (CD&A), we discuss our compensation policies and practices as they relate to our NEOs, compensation decisions made in Fiscal 2014 affecting our NEOs compensation, highlights of the Company s financial performance for Fiscal 2014 and its effect on compensation paid to our NEOs in that year and recent changes we have made to our executive compensation program.

Fiscal 2014 Highlights

The Company achieved the following performance in sales, profitability and returns for Fiscal 2014:

Sales of $2.8 billion for Fiscal 2014, compared with $2.6 billion in Fiscal 2013.

Reported earnings per share (EPS) of $1.99 (as adjusted to exclude acquisition impact and nonrecurring charges: $2.50) for Fiscal 2014 compared with reported EPS of $2.52 in Fiscal 2013.

Adjusted return on invested capital (ROIC) for Fiscal 2014 was 7.6% compared to ROIC of 9.5% in Fiscal 2013.

Earnings Before Interest and Tax (EBIT) margin performance results for Fiscal 2014 was 9.1% (as adjusted to exclude acquisition impact and nonrecurring charges: 11.1%) compared to 11.3% for Fiscal 2013.

Free Operating Cash Flow (FOCF) was at $156 million for Fiscal 2014 compared to $204 million in Fiscal 2013.
Please see Appendix A to this Proxy Statement for a reconciliation of our adjusted ROIC, EBIT and FOCF results to our results reported in accordance with GAAP.

Compensation Highlights for Fiscal 2014

The following are the highlights of our 2014 compensation program:

Our Compensation Committee has adopted a strong pay-for-performance philosophy.

Compensation is paid in a mix of base salary; an annual cash-based incentives under our Prime Bonus plan; and equity-based long-term incentive awards (consisting of stock options, restricted units and performance units).

Compensation is tied to individual performance and Company performance, so that a substantial portion of the compensation provided to our executive officers is at risk.

Table of Contents

Payment of annual cash-based incentives under the Prime Bonus plan is based on achieving critical measures of Company performance, consistent with our pay-for-performance philosophy. 2014 Prime Bonus payments based on achievement of three corporate performance metrics FOCF, revenue growth and EPS. The Compensation Committee added FOCF as a key performance metric in the Prime Bonus design for 2014 to focus on primary working capital and inventory management, in addition to the continued use of annual EPS and sales growth goals.

For 2014, the Compensation Committee maintained a safety modifier (providing for upward or downward adjustment of +/- 10%) in our Prime Bonus design based on the Company s performance against a recordable incident rate reduction plan, which the Compensation Committee considers to be a key measure of employee safety.

Our equity-based long-term incentive program is intended to drive the achievement of critical long-term business objectives, align management s interests with those of our shareowners and foster retention of key executives. In Fiscal 2014, 50% of the target value of each executive s long-term incentive opportunity was granted as performance units, 30% was granted as stock options and 20% was granted as restricted units (all are settled in stock). This is similar to the 2013 awards.

Vesting of performance units is based on the attainment of two financial performance goals EPS and ROIC. Performance units are subject to an additional continuous service requirement, which provides that award recipients must remain employed by the Company through the payout date in order to receive the payout, generally three years after the grant date. Restricted units and stock options time vest based on continuous service with the Company.

Our Fiscal 2014 financial performance had the following effects on the performance-based awards held by our NEOs:

Component (1) of Mr. Cardoso s 2014 Prime Bonus award and the entirety of the 2014 Prime Bonus awards for Messrs. Simpkins, Tucker and Jacko were based 100% on achievement of Kennametal sales growth, EPS, and FOCF. Based on the Company s Fiscal 2014 results, these NEOs were paid 2014 cash incentives equal to 33.4% of their targeted awards.

Mr. Dragich s 2014 Prime Bonus Plan award was based 80% on achievement of the Kennametal sales growth, EPS and FOCF and 20% on EBIT results specifically for our Integrated Supply Chain and Logistics function (ISCL), which he manages. Based on the Company s and the ISCL s 2014 EBIT results, Mr. Dragich was paid a 2014 cash incentive equal to 42.4% of his targeted award.

The first tranche (1/3) of the 2014 performance units were earned (subject to the satisfaction of the continuous employment condition) at a combined total of 70.6% (58.3% for the EPS metric and 82.8% for the ROIC metric) of target based on the Company having achieved above threshold but below target for EPS and ROIC performance goals set for Fiscal 2014.

The second tranche (1/3) of the 2013 performance units were forfeited due to the Company not having achieved the threshold EPS and ROIC performance goals set for Fiscal 2014.

The third tranche (1/3) of the 2012 performance units were forfeited due to the Company not having achieved the threshold EBIT margin performance goals set for Fiscal 2014.

Results of 2013 Shareowner Vote on NEO Compensation

Our shareowners overwhelmingly approved the compensation paid to our NEOs in Fiscal 2013, with approximately 96% of votes cast in favor at our annual meeting held on October 22, 2013.

The Compensation Committee believes that this high level of support of the compensation paid in Fiscal 2013 illustrates our shareowners support of our pay-for-performance philosophy, which is designed to link the compensation paid to our NEOs to the Company s financial performance and shareowner value. Accordingly, in determining the structure of the compensation of our NEOs for Fiscal 2015, the Compensation Committee

Table of Contents

decided to retain our general approach to executive compensation, with an emphasis on performance-based incentive compensation components that reward our executives when they deliver value to the Company and our shareowners.

Summary of Compensation Actions for Fiscal 2015

At its July 2014 meeting, the Compensation Committee approved a number of changes to the executive compensation program for the new fiscal year. Such changes were influenced by the Company s current financial and shareholder performance, a desire to maintain strong pay-for-performance alignment, and market insights and advice provided by the Committee s independent consultant. Key compensation decisions were as follows:

- Decreased the value of Mr. Cardoso s long-term incentive award and maintained his base salary and Prime Bonus target opportunity at the same level as Fiscal 2014 (no increase).
- Eliminated Mr. Cardoso s perquisite allowance which had previously been valued at $20,000.
- Introduced Relative Total Shareholder Return (TSR) as a new performance metric under our long-term incentive (LTI) performance unit program replacing EPS, which continues to be used in our Prime Bonus design. TSR will be measured against the S&P Capital Goods Index companies.

On August 19, 2014, the Company announced that Mr. Cardoso will retire from the Company effective on December 31, 2014. Mr. Cardoso s compensation for Fiscal 2015 will be paid in accordance with the terms of his current employment agreement and as determined by the Compensation Committee.

Executive Compensation Philosophy

Kennametal s executive compensation philosophy is based on the following principles, which we believe form the foundation of an effective and responsible compensation program:

- *Pay-for-Performance.* Executive compensation should be tied to both individual performance and Company performance (annual and long-term).
- *Link the Ratio of Fixed to Variable Components of Compensation with the Executive s Level of Responsibility and Accountability.* As our executives progress to higher levels of responsibility within the Company, a greater proportion of their overall compensation should be linked directly to Company performance and shareowner returns.
- *Promote a Long-Term Perspective.* Our compensation program should promote the long-term focus and strategic vision required for our future growth and success.
- *Offer Competitive Compensation.* We believe that highly-qualified and skilled executives can differentiate us and provide a competitive advantage in the marketplace. Our objective is to offer compensation that is competitive with that offered by other companies that compete with us for talent.

Objectives of the Executive Compensation Program

To support our overall compensation philosophy, we have designed our executive compensation program to:

Attract and retain exceptional talent;

Recognize individual contributions to the Company;

Focus our executives attention on the attainment of significant business objectives and the creation of long-term shareowner value;

Ensure alignment between management s interests and the interests of our shareowners;

Share the financial benefits of strong Company performance; and

Maintain executive compensation at a competitive level.

Table of Contents

Relationship Between Pay and Performance

In January 2014, our Compensation Committee reviewed the relationship between our CEO s realizable compensation (defined below) and the Company s performance from Fiscal 2011 through Fiscal 2013 (the Reviewed Period) which was the period that both compensation and performance data was readily available for our peers. The analysis, which was prepared by the Compensation Committee s consultant, Pay Governance, compared our CEO s realizable compensation and the Company s performance, relative to our peer group, in order to assess whether the Company s performance and the realizable compensation paid to our CEO were aligned. The peer group utilized for this analysis is the same peer group utilized for the Fiscal 2014 compensation decisions made by the Compensation Committee at its July 2013 meeting.

Realizable compensation is defined as (i) base salary paid over the Reviewed Period; (ii) actual bonus earned and paid during the Reviewed Period; (iii) the aggregate current value of restricted stock/restricted unit grants made during the Reviewed Period; (iv) the aggregate in-the-money value of stock option grants made during the Reviewed Period; (v) the actual payouts of performance-based equity awards with performance periods beginning and ending during the Reviewed Period, and (vi) the estimated payout for performance-based equity awards that were granted during the Reviewed Period but remained unvested at its conclusion. Realizable compensation was calculated in the same manner for our CEO and the CEOs of our peer group companies. The realizable value of long-term equity-based awards was calculated using each company s closing stock price on June 30, 2013. The Company believes that realizable compensation is a more relevant measure for analyzing the pay-for-performance alignment than grant date or target compensation. Realizable compensation focuses on the actual value of earned pay rather than pay opportunity by analyzing current stock prices and actual payouts from short- and long-term incentives to provide an estimate of the actual compensation that executives realized during the subject period.

The financial performance of the Company and the peer companies were evaluated over the same three-year period as realizable compensation using the following four (4) performance measures: (i) ROIC; (ii) sales growth; (iii) EBIT margin growth; and (iv) TSR. Three of these measures (ROIC, sales growth and EBIT margin growth) were selected because they are used in the Company s short-term and/or long-term incentive plans and were considered by Pay Governance to be reasonable indicators of a company s performance. The Company s percentile ranking for each performance measure relative to the peers was averaged to form a composite performance ranking.

Over the Reviewed Period, our CEO s realizable compensation ranked modestly below the median (37th percentile) of the peer group while our composite performance (average ranking of all four performance metrics) ranked modestly above the median (54th percentile) of the peer group. The Compensation Committee continues to analyze the alignment of realizable compensation and the Company s performance, in addition to grant value comparisons, in order to observe such things as:

- Whether the targeted pay levels relative to peers is appropriate
- Whether the mix of fixed versus variable compensation is appropriate
- Whether performance goals have been set at an appropriately challenging level over the three-year period analyzed
- Whether the weighting assigned to each long-term incentive vehicle is weighted appropriately resulting in an acceptable amount of leverage

Table of Contents

Based on this analysis, the Compensation Committee is satisfied with the alignment of our CEO s realizable compensation with the performance of the Company. The chart below provides an illustration of this realizable pay-for-performance analysis over the Reviewed Period.

32

Table of Contents

Design of Our Executive Compensation Program

Overall Design of the Executive Compensation Program

Each of our executives receives a compensation and benefits package comprised of the five basic components described in the table below which also provides an explanation of why we provide the particular compensation component, how we determine the amount and what such compensation component is designed to reward.

Compensation Component	Why We Provide it	How We Determine the Amount	What it is Intended to Reward
Base Salary	Consistent with competitive practice	Approximately the median of similarly-sized manufacturing companies	Individual performance and level of experience, expertise and responsibility within the Company
Annual Incentive Prime Bonus	To link pay and performance To drive the achievement of annual business objectives Consistent with competitive practice	Awards are performance-based and calculated as a percentage of base salary: Target based on median of market practice for executive s position; and Award opportunities are determined on an individual basis and range from below median to above median for similar positions in peer group of companies	Annual Company performance and individual performance
Long-term Incentives (including stock options, restricted units and performance units)	To link pay and performance To drive the achievement of critical long-term business objectives To align management s interests with those of our shareowners Foster the long-term retention of key executives Consistent with competitive practice	Total long-term incentive opportunity is determined on an individual basis based on the executive s performance and career potential (internal and individual factors), and taking into account the long-term compensation paid by our competitors for similar positions For Fiscal 2014, the total long-term incentive opportunity was allocated between performance units (50%), stock options (30%) and restricted units (20%) Performance unit awards are performance based: Target based on median of market practice for executive s position; and Award opportunities are determined on an individual basis and range from below median to above median for similar positions in peer group of companies	Long-term Company performance and individual performance Performance Units - increased shareowner value and overall Company performance over the long-term Stock Options - increased shareowner value over the long-term (10 years) Restricted Units - long-term commitment to the Company
Retirement Benefits	Consistent with competitive practice	Competitive market practices and Company-specific circumstances	To provide long-term financial security to executives who have demonstrated a long-term commitment to the Company

Executive Benefits and Perquisite Allowance	Consistent with competitive practice Provides a level of protection against the financial catastrophes that can result from illness, disability or death	Approximately the median of peer group of companies	Executive contributions to our Company s short-term and long-term success

We have designed our executive compensation program to target total compensation for each of our executives at the median level for executives in similar positions within our industry and peer group. Actual compensation paid to any particular executive may be above or below median compensation depending on Company and individual performance. We believe that target compensation under our incentive plans should allow for above-median compensation for exceptional performance, as well as below-median compensation when performance falls below our expectations. Also, we may deviate from the median if, in the judgment of management and/or the Compensation Committee, the value of an executive s experience, performance and specific skill set warrants. For individual executives, compensation may also vary depending on the executive s experience, responsibility and expertise, such person s contribution to our business strategy and the market s demand for such skills and talent. The foundation of our program is based on a system of market pricing. Each executive s compensation is benchmarked against those of executives in comparable positions in the competitive market and, in some cases, against a peer group of companies. This benchmarking process as well as an internal assessment of the particular position s internal value to the Company, scope and complexity of responsibilities generally defines a range of opportunities for base salary, annual incentives and long-term incentives. The pay ranges give the Compensation Committee flexibility to position individual compensation above or below market median levels depending on the individual s job performance, professional q