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FORM 11-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

Commission File Number: 1-5318

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

THE KENNAMETAL THRIFT PLAN

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

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

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THE KENNAMETAL THRIFT PLAN
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of Kennametal Inc.
and to the Kennametal Inc. ERISA Compliance Committee:

We have audited the accompanying statements of net assets available for plan benefits of The Kennametal Thrift Plan (the Plan) as of December 31, 1998 and 1997, and the related statements of changes in net assets available for plan benefits for the year ended December 31, 1998, the six months ended December 31, 1997 and the year ended June 30, 1997. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1998 and 1997, and the changes in net assets available for plan benefits for the year ended December 31, 1998, the six months ended December 31, 1997 and the year ended June 30, 1997, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Arthur Andersen LLP

Pittsburgh, Pennsylvania
June 22, 1999

THE KENNAMETAL THRIFT PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
 DECEMBER 31, 1998 AND 1997

	December 31, 1998 ----	December 31, 1997 ----
ASSETS		
Receivables:		
Participant Contributions	\$ 198,305	\$ 203,191
Employer Contributions	76,217	71,690
	-----	-----
Total Receivables	274,522	274,881
	-----	-----
General Investments:		
Putnam Mutual Funds	123,156,740	100,753,013
Common/Collective Trusts-Fixed Income Fund	58,786,939	62,641,682
Kennametal Inc. Common Stock	11,877,634	1,994,428
Participant Loans	3,913,407	2,489,562
	-----	-----
Total General Investments	197,734,720	167,878,685
	-----	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$198,009,242 =====	\$168,153,566 =====

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1998

	Putnam Mutual Funds					
	Totals	Primco Fund	Voyager	Asset Allocation Balanced	Growth & Income	New Opportunities
Net Assets at December 31, 1997	\$168,153,566	\$62,641,682	\$62,197,271	\$12,409,934	\$ 8,604,371	\$ 9,432,393
Additions:						
Participant Contributions	16,114,687	1,314,120	4,104,167	1,132,183	2,274,363	3,719,560
Employer Contributions	5,261,948	431,937	1,356,318	360,326	699,193	1,218,910
Earnings on Investments (includes interest on loans)	11,075,033	3,733,483	4,599,925	444,946	1,092,510	622,937
Net Realized Gains (Losses)	1,921,981	--	2,228,749	87,193	(113,145)	194,216
Net Unrealized Gains (Losses)	8,951,349	--	6,243,312	868,935	485,549	2,224,377
Loan Repayments	--	87,026	251,969	54,287	108,128	193,884
Other	82,098	71,611	--	--	--	--
Total Additions	43,407,096	5,638,177	18,784,440	2,947,870	4,546,598	8,173,884
Deductions:						
Benefit Payments	(10,478,105)	(6,284,609)	(2,405,731)	(337,829)	(413,462)	(341,939)
Loan Issues	--	(825,836)	(800,277)	(119,078)	(138,819)	(278,421)
Loan Distributions	(93,666)	--	--	--	--	--
Employee Withdrawals	(2,701,946)	(914,138)	(762,416)	(143,608)	(402,102)	(265,932)
Administrative Fees	(123,760)	(101,812)	(10,421)	(2,195)	(2,257)	(3,497)
Forfeitures	(71,611)	(3,957)	(35,589)	(6,429)	(4,578)	(9,543)
Other	(82,332)	(82,328)	--	--	--	--
Total Deductions	(13,551,420)	(8,212,680)	(4,014,434)	(609,139)	(961,218)	(899,332)
Net Transfers Between Funds	--	(1,280,240)	(9,534,184)	(1,906,891)	77,144	1,243,203
Net Assets at December 31, 1998	\$198,009,242	\$58,786,939	\$67,433,093	\$12,841,774	\$12,266,895	\$17,950,148

	Putnam Mutual Funds					
	Asset Allocation Growth	Asset Allocation Conservative	International Growth	Kennametal Common Stock	Contributions Receivable	Loan Fund
Net Assets at December 31, 1997	\$2,548,786	\$2,367,461	\$3,192,797	\$ 1,994,428	\$274,881	\$2,489,562
Additions:						
Participant Contributions	1,039,532	513,568	1,008,579	1,013,501	(4,886)	--
Employer Contributions	347,187	178,843	319,690	345,017	4,527	--
Earnings on Investments (includes interest on loans)	119,275	157,411	161,224	143,322	--	--
Net Realized Gains (Losses)	(15,560)	(35,444)	(32,775)	(391,253)	--	--
Net Unrealized Gains (Losses)	337,210	148,766	486,843	(1,843,643)	--	--
Loan Repayments	53,420	27,490	57,526	73,190	--	(906,920)
Other	--	--	--	10,487	--	--
Total Additions	1,881,064	990,634	2,001,087	(649,379)	(359)	(906,920)
Deductions:						
Benefit Payments	(133,291)	(322,612)	(203,958)	(34,674)	--	--
Loan Issues	(65,673)	(40,236)	(69,677)	(106,762)	--	2,444,779
Loan Distributions	--	--	--	--	--	(93,666)
Employee Withdrawals	(47,733)	(33,423)	(48,313)	(63,933)	--	(20,348)
Administrative Fees	(988)	(434)	(1,036)	(1,120)	--	--
Forfeitures	(4,380)	(919)	(2,298)	(3,918)	--	--
Other	--	--	--	(4)	--	--
Total Deductions	(252,065)	(397,624)	(325,282)	(210,411)	--	2,330,765
Net Transfers						

Between Funds	(329,410)	849,469	137,913	10,742,996	--	--
	-----	-----	-----	-----	-----	-----
Net Assets at December 31, 1998	\$3,848,375	\$3,809,940	\$5,006,515	\$11,877,634	\$274,522	\$3,913,407
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE SIX MONTHS ENDED DECEMBER 31, 1997

	Putnam Mutual Funds					
	Totals	Primco Fund	Voyager	Asset Allocation Balanced	Growth & Income	New Opportunities
Net Assets at June 30, 1997	\$158,198,838	\$ 78,332,505	\$57,532,476	\$12,132,867	\$2,547,112	\$3,047,449
Additions:						
Participant Contributions	8,362,297	891,866	2,122,804	641,551	1,092,154	2,006,612
Employer Contributions	2,424,093	231,229	705,351	203,155	344,642	622,067
Earnings on Investments (includes interest on loans)	8,584,842	2,109,053	3,717,980	972,553	1,036,397	222,321
Net Realized Gains (Losses)	1,747,936	--	1,446,404	222,603	(17,282)	61,092
Net Unrealized Gains (Losses)	912,480	--	2,218,132	(628,797)	(671,467)	339,402
Loan Repayments	--	21,987	59,120	12,876	22,012	47,814
Other	67,166	65,438	181	387	--	270
Total Additions	22,098,814	3,319,573	10,269,972	1,424,328	1,806,456	3,299,578
Deductions:						
Benefit Payments	(10,422,051)	(5,011,661)	(3,923,488)	(720,923)	(213,771)	(284,915)
Loan Issues	--	(719,481)	(578,003)	(134,069)	(79,319)	(119,572)
Loan Distributions	(6,469)	--	--	--	--	--
Employee Withdrawals	(1,498,314)	(865,541)	(366,918)	(50,446)	(66,138)	(82,816)
Administrative Fees	(111,497)	(96,749)	(7,495)	(1,703)	(1,129)	(1,509)
Forfeitures	(105,755)	(72,447)	(19,169)	(4,987)	(1,342)	(3,852)
Total Deductions	(12,144,086)	(6,765,879)	(4,895,073)	(912,128)	(361,699)	(492,664)
Net Transfers Between Funds	--	(12,244,517)	(710,104)	(235,133)	4,612,502	3,578,030
Net Assets at December 31, 1997	\$168,153,566	\$ 62,641,682	\$62,197,271	\$12,409,934	\$8,604,371	\$9,432,393

	Putnam Mutual Funds					
	Asset Allocation Growth	Asset Allocation Conservative	International Growth	Kennametal Common Stock	Contributions Receivable	Loan Fund
Net Assets at June 30, 1997	\$ 744,475	\$ 739,612	\$1,298,280	\$ 285,172	\$ 557,073	\$ 981,817
Additions:						
Participant Contributions	504,307	308,750	533,828	335,243	(74,818)	--
Employer Contributions	164,823	95,308	150,773	114,119	(207,374)	--
Earnings on Investments (includes interest on loans)	189,643	132,472	192,385	12,038	--	--
Net Realized Gains (Losses)	3,743	5,059	(12,298)	38,615	--	--
Net Unrealized Gains (Losses)	(135,900)	(100,648)	(229,200)	120,958	--	--
Loan Repayments	10,408	5,892	14,932	7,113	--	(202,154)
Other	585	294	--	11	--	--
Total Additions	737,609	447,127	650,420	628,097	(282,192)	(202,154)
Deductions:						
Benefit Payments	(36,085)	(50,990)	(161,340)	(18,878)	--	--
Loan Issues	(23,126)	(17,931)	(28,891)	(18,476)	--	1,718,868
Loan Distributions	--	--	--	--	--	(6,469)
Employee Withdrawals	(14,098)	(13,554)	(18,962)	(17,341)	--	(2,500)
Administrative Fees	(383)	(258)	(451)	(1,820)	--	--
Forfeitures	(1,089)	(110)	(1,146)	(1,613)	--	--
Total Deductions	(74,781)	(82,843)	(210,790)	(58,128)	--	1,709,899
Net Transfers Between Funds	1,141,483	1,263,565	1,454,887	1,139,287	--	--
Net Assets at December 31, 1997	\$2,548,786	\$2,367,461	\$3,192,797	\$1,994,428	\$ 274,881	\$2,489,562

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED JUNE 30, 1997

	Totals	Alliance Equity Fund	Alliance Balanced Fund	Primco Fund	Putnam Mutual Funds		
					Voyager	Asset Allocation Balanced	Growth & Income
Net Assets at June 30, 1996	\$134,650,201	\$ 47,290,863	\$ 9,573,308	\$77,786,030	\$ --	\$ --	\$ --
Additions:							
Participant							
Contributions	12,194,394	3,393,808	737,710	3,603,379	1,166,092	327,388	706,136
Employer Contributions	4,322,740	1,205,154	270,120	1,392,078	390,346	119,936	180,582
Earnings on Investments (includes interest on loans)	1,788,518	--	--	1,669,606	--	108,826	5,908
Net Realized Gains	9,052,496	4,847,699	811,054	3,073,961	268,869	39,523	1,265
Net Unrealized Gains	6,129,984	--	--	--	5,029,097	750,884	63,087
Other	10,999	--	--	10,999	--	--	--
Transfers From RSP	3,673,020	--	--	3,673,020	--	--	--
Total Additions	37,172,151	9,446,661	1,818,884	13,423,043	6,854,404	1,346,557	956,978
Deductions:							
Benefit Payments	(12,534,412)	(3,082,379)	(545,508)	(8,521,140)	(324,307)	(51,811)	(2,592)
Loan Issues	--	--	--	(501,990)	(390,306)	(52,439)	(7,792)
Employee Withdrawals	(920,691)	--	--	(705,624)	(152,110)	(27,827)	(6,131)
Administrative Fees	(165,308)	(20,058)	(4,103)	(134,035)	(5,869)	(1,130)	(27)
Forfeitures	(3,103)	--	--	(2,215)	(713)	(14)	(56)
Total Deductions	(13,623,514)	(3,102,437)	(549,611)	(9,865,004)	(873,305)	(133,221)	(16,598)
Net Transfers Between Funds	--	(53,635,087)	(10,842,581)	(3,011,564)	51,551,377	10,919,531	1,606,732
Net Assets at June 30, 1997	\$158,198,838	\$ --	\$ --	\$78,332,505	\$57,532,476	\$12,132,867	\$2,547,112

	Putnam Mutual Funds						
	New Opportunities	Asset Allocation Growth	Asset Allocation Conservative	International Growth	Kennametal Common Stock	Contributions Receivable	Loan Fund
Net Assets at June 30, 1996	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Additions:							
Participant							
Contributions	1,004,640	297,042	154,829	224,424	168,381	410,565	--
Employer Contributions	340,145	89,385	55,484	74,481	58,521	146,508	--
Earnings on Investments (includes interest on loans)	--	--	3,395	--	552	--	231
Net Realized Gains	6,079	926	1,169	1,116	835	--	--
Net Unrealized Gains	178,470	29,764	10,145	41,476	27,061	--	--
Other	--	--	--	--	--	--	--
Transfers From RSP	--	--	--	--	--	--	--
Total Additions	1,529,334	417,117	225,022	341,497	255,350	557,073	231
Deductions:							
Benefit Payments	(1,792)	(1,715)	(2,464)	(456)	(248)	--	--
Loan Issues	(14,740)	(3,791)	(2,438)	(4,723)	(3,367)	--	981,586
Employee Withdrawals	(13,847)	(7,170)	(2,742)	(1,540)	(3,700)	--	--
Administrative Fees	(41)	(10)	(6)	(16)	(13)	--	--
Forfeitures	--	(69)	(36)	--	--	--	--
Total Deductions	(30,420)	(12,755)	(7,686)	(6,735)	(7,328)	--	981,586
Net Transfers Between Funds	1,548,535	340,113	522,276	963,518	37,150	--	--
Net Assets at June 30, 1997	\$3,047,449	\$744,475	\$739,612	\$1,298,280	\$285,172	\$557,073	\$981,817

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997, AND JUNE 30, 1997

1. DESCRIPTION OF PLAN

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

The Plan is a defined contribution employee benefit plan, established to encourage investment and savings for certain salaried and hourly employees of Kennametal Inc. and certain subsidiaries and to provide a method to supplement their retirement income benefits. The Plan provides a vehicle for employee savings with an added 401(k) tax-deferred feature. Kennametal Inc. is the Plan sponsor.

CORPORATE ACTIONS - Effective March 1, 1997, the assets of the Kennametal Inc. Retirement Savings Plan (RSP) were merged into the Plan. Effective January 1, 1998, the Plan year end was changed from a fiscal year end of June 30 to a December 31 year end.

ADMINISTRATION OF THE PLAN - Putnam Fiduciary Trust Company serves as the Trustee of the Plan. Prior to March 1, 1997, Kennametal Inc. served as Trustee of the Plan.

Putnam Investments functions as the recordkeeper for the Plan. Prior to March 1, 1997, Benefit Services Corporation, a firm providing defined contribution administration services, served as recordkeeper for the Plan.

PRIMCO Capital Management, Inc. (PRIMCO) serves as the investment manager for the fixed income fund of the Plan. The Equitable Life Assurance Society of the United States served as the investment manager and custodian for the Alliance Equity Fund and Alliance Balanced Fund (the Alliance Funds) through February 28, 1997. Effective March 1, 1997, the investments held in the Alliance Funds were transferred to certain mutual funds of Putnam Investments. Accordingly, Putnam Fiduciary Trust Company was appointed the investment manager and the custodian.

ELIGIBILITY - All eligible employees are entitled to become active participants of the Plan on the first day of the month coinciding with or following the completion of ten (10) days of service. Under present federal income tax law, employer contributions and all earnings of the Plan do not constitute taxable income to the participants until withdrawn from the Plan by the participants.

VESTING - Employee contributions are fully vested. Employer matching contributions are fully vested after the third anniversary of the participant's employment date. Forfeitures of employer contributions as a result of withdrawals, terminations, etc., reduce the amount of future contributions required by the employer.

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

CONTRIBUTIONS - The Plan allows participants to elect a contribution rate (either before-tax, after-tax, or a combination of both) of 2% - 12% of the employee's base salary. Employer contributions equal 50% of the participant contribution up to a maximum of 3% of the participant's salary. Employer contributions are made concurrently with participant contributions. The participants can elect to have their contributions invested in the different investment funds available under the Plan.

DISTRIBUTIONS - Distributions to participants due to disability, retirement, hardship or death are payable in either a lump sum, periodic payments for a period not to exceed ten (10) years, or through the purchase of an annuity at the participant's election.

PARTICIPANT LOANS - Effective June 2, 1997, a participant may borrow up to the lesser of \$50,000 or 50% of his or her vested account balance, with a minimum loan amount of \$1,000. Loans are repayable through payroll deductions over a period not to exceed five years. If the proceeds are used to acquire a participant's principal residence, the repayment period shall be no more than 15 years. The interest rate is determined by the Plan Administrator based on existing market conditions and is fixed over the life of the loan. The interest rate at December 31, 1998 was 8.75%. There were no delinquent loans as of December 31, 1998 and 1997, or June 30, 1997.

INVESTMENTS - Investment contracts placed by PRIMCO represented investment of combined assets for both the RSP and the Plan until the merger of these plans as of March 1, 1997.

Effective March 1, 1997, Kennametal Inc. common stock was added as an investment option to the Plan.

A participant may direct contributions to any of the following investment options:

PRIMCO Stable Value Fund - Investments of this fixed income fund consist of traditional investment contracts issued by insurance companies, banks and other financial institutions (or corporations), asset-backed investment contracts, synthetic investment contracts and short-term investments.

Putnam Voyager Fund - This fund seeks aggressive capital appreciation by investing in a combination of stocks of small companies expected to grow over time as well as in stocks of larger, more established corporations.

Putnam Asset Allocation: Balanced Portfolio - For investors who want an investment with moderate risk and the potential for moderate growth, this fund seeks a balance between the relative stability of bonds and the fluctuation of stocks, in efforts to reduce overall risk.

The Putnam Fund for Growth & Income - This fund seeks growth and income by investing in attractively priced stocks of companies that offer long-term growth potential while also providing income.

Putnam New Opportunities Fund - This fund seeks long-term capital appreciation by investing primarily in common stocks of companies within certain emerging industry groups that Putnam Management believes offer above-average potential for growth.

Putnam Asset Allocation: Growth Portfolio - For more aggressive investors who will accept more risk in exchange for a higher growth potential, this fund seeks diversification among different types of stocks, with some investments in bonds and money market funds.

Putnam Asset Allocation: Conservative Portfolio - For investors who are willing to assume a reduced potential for growth in exchange for less risk, this fund seeks to reduce overall risk through substantial investments in investment-grade bonds, with some investments in stocks to help stay ahead of inflation.

Putnam International Growth Fund - This fund seeks capital appreciation by investing in a diversified portfolio of companies located outside the United States.

Kennametal Common Stock Fund - This fund consists entirely of Kennametal Inc. common stock, for investors who want to participate in the growth of Kennametal Inc. as part owners of Kennametal Inc.

Effective March 1, 1997, the investments of the Alliance Funds were transferred to two mutual funds, the Putnam Voyager Fund and the Putnam Asset Allocation: Balanced Portfolio Fund. Investments of the Alliance Equity Fund consisted solely of common stocks whereas the Alliance Balanced Fund's investments were a combination of stocks, bonds, cash and convertible securities.

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements of the Plan are maintained on the accrual basis of accounting.

INVESTMENTS - Investment transactions are recorded on a trade date basis, and revenues are recorded on an accrual basis of accounting. Investments in mutual funds, Kennametal Inc. common stock and other short-term investments are stated at fair value as measured by readily available market prices; benefit-responsive investment contracts are valued at contract value. According to the provisions of AICPA Statement of Position (SOP) 94-4, "Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined-Contribution Pension Plans," guaranteed investment contracts of defined contribution plans are considered to be fully benefit-responsive. As a result, these contracts are accounted for at contract value in the accompanying financial statements. PRIMCO Capital Management, Inc. certified that all the investment contracts held in the Fixed Income Fund are fully benefit-responsive. The difference between the contract value and the fair value of all investment contracts was \$1,342,443 and \$777,974 at December 31, 1998 and 1997, respectively. The crediting interest rates on the contracts ranged from 4.38% to 7.55% at December 31, 1998, from 5.05% to 7.55% at December 31, 1997, and from 4.88% to 8.15% at June 30, 1997.

INVESTMENT INCOME - Interest and dividend income are recorded in the period earned. Gains and losses on securities sold or redeemed are determined on the basis of specific identification.

PLAN EXPENSES - Investment management, recordkeeping and other administrative fees and expenses of the Plan are paid from assets and income of the Plan.

REALIZED/UNREALIZED GAINS AND LOSSES - Realized gains and losses on investments sold or redeemed and unrealized gains and losses are determined using the average cost method based on the beginning market value.

USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

3. INVESTMENTS EXCEEDING FIVE PERCENT OF NET ASSETS

The fair market values of individual investments that represent five percent or more of the Plan's total plan assets as of December 31, 1998 and 1997, were as follows:

	December 31, 1998 ----	December 31, 1997 ----
Common/Collective Trusts - Fixed Income Fund	\$58,786,939	\$62,641,682
Putnam Mutual Funds -		
Voyager	67,433,093	62,197,271
New Opportunities	17,950,148	9,432,393
Asset Allocation - Balanced Portfolio	12,841,774	12,409,934
Growth & Income	12,266,895	8,604,371
Kennametal Inc. Common Stock	11,877,634	--

4. COMMON TRUST ASSETS AND INCOME

The Plan's interest in the assets of the common trust is included in the accompanying Statements of Net Assets Available for Plan Benefits. During the plan year ended June 30, 1997, all of the assets of the RSP were merged into the Plan. Accordingly, there were no assets held by the RSP as of December 31, 1998, 1997 or June 30, 1997.

Common trust income allocated to the participating plans for the year ended December 31, 1998, the six months ended December 31, 1997, and the year ended June 30, 1997, were as follows:

	Year Ended December 31, 1998 ----	Six Months Ended December 31, 1997 ----	Year Ended June 30, 1997 ----
Thrift Plan	\$3,733,483	\$2,109,053	\$4,866,795
Retirement Savings Plan (as of March 1, 1997)	--	--	140,343
	-----	-----	-----
Total Earnings on Investments	\$3,733,483 =====	\$2,109,053 =====	\$5,007,138 =====

5. QUALIFICATION OF PLAN

The Plan has been determined by the Internal Revenue Service to be qualified under the Internal Revenue Code. The Internal Revenue Service issued a favorable determination on April 23, 1996. Plans that are qualified under regulations of the Internal Revenue Service are not subject to federal income taxes.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, Kennametal Inc. has the right to terminate the Plan at any time, subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of Plan termination, the accounts of all participants will become fully vested and non-forfeitable.

7. CONTRIBUTIONS RECEIVABLE

As of December 31, 1997, the Plan recorded contributions receivable from the employer and the participants in the amount of \$274,881. This amount is recorded as an asset in the accompanying statements in accordance with generally accepted accounting principles. However, this amount is not recorded as an asset in the Plan's Form 5500 as the Trustee prepares this Form using the cash-basis method of accounting.

8. BENEFIT PAYABLE

As of June 30, 1996, the Plan was liable for participant benefits due but unpaid in the amount of \$2,102,139. This amount is recorded as a liability in the Plan's Form 5500; however, this amount is not recorded as a liability in the accompanying Statements of Net Assets Available for Plan Benefits in accordance with generally accepted accounting principles. It is included in the total benefit payments in the accompanying Statements of Changes in Net Assets Available for Plan Benefits for the year end June 30, 1997. As of December 31, 1998 and 1997, the Plan was not liable for participant benefits due but unpaid.

9. SUBSEQUENT EVENT

During fiscal 1997 and 1998, Kennametal Inc., through a majority-owned subsidiary, acquired six companies, each sponsoring a defined contribution employee benefit plan. On February 9, 1999, a resolution was unanimously approved by the Kennametal Inc. ERISA Compliance Committee authorizing Putnam to act as Trustee for the assets of these six plans when these plans are merged into the Plan. These six plans will be merged into the Plan as soon as it is practicable.

THE KENNAMETAL THRIFT PLAN
 ITEM 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 1998

Identity of Issue	Description of Investment	Cost	Current Value

Security Backed Investments -----			
Bankers Trust	Bankers Trust (Del) Basic, Contract No.: 97-883THT Maturity: 12/30/01, Yield: 7.05%	\$ 6,172,919	\$ 6,503,169
Transamerica Life	Transamerica Life & Annuity, Contract No.: 76543 Maturity: 11/15/04, Yield: 5.97%	5,773,840	6,020,426
Allstate Life	Allstate Life Ins. Co., Contract No.: 31007 Maturity: 7/1/01, Yield: 5.99%	2,397,724	2,443,646
	Allstate Life Ins. Co., Contract No.: 77077 Maturity: 12/30/01, Yield: 4.38%	3,025,831	3,002,970
John Hancock	John Hancock Mutual Life, Contract No.: 7562 Maturity: 5/1/07, Yield: 6.35%	4,731,498	4,928,354
Mass Mutual	Mass Mutual Life Ins. Co., Contract No.: 10480 Maturity: 7/5/02, Yield: 6.45%	3,102,086	3,136,562
Metropolitan Life	Metropolitan Life Ins. Co., Contract No.: 13708 Maturity: 1/2/01, Yield: 6.20%	2,375,150	2,405,386
	Metropolitan Life Ins. Co., Contract No.: 24850 Maturity: 12/30/01, Yield: 6.50%	5,322,293	5,458,743
Monumental Life	Monumental Life Ins. Co., Contract No.: 00028TR Maturity: 3/30/07, Yield: 6.13%	8,964,905	9,211,650
State Street Bank & Trust	State Street Bank & Trust, Contract No.: 98206 Maturity: 4/8/02, Yield: 5.23%	2,402,078	2,416,994
CDC	Caisse des Depots, Contract No.: 220-01 Maturity: 12/31/99, Yield: 6.19%	432,142	436,575
		-----	-----
	Total Security Backed Investments	44,700,466	45,964,475
		-----	-----
General Account Investments -----			
Canada Life	Canada Life Assurance Co., Contract No.: 45798 Maturity: 1/4/99, Yield: 5.36%	1,401,989	1,402,115
Metropolitan Life	Metropolitan Life Ins. Co., Contract No.: 13678 Maturity: 2/4/00, Yield: 5.55%	3,201,839	3,206,390
	Metropolitan Life Ins. Co., Contract No.: 13852 Maturity: 10/1/99, Yield: 7.55%	2,721,834	2,765,240
New York Life	New York Life Ins. Co., Contract No.: 30334 Maturity: 4/3/00, Yield: 6.45%	3,074,219	3,101,830
		-----	-----
	Total General Account Investments	10,399,881	10,475,575
		-----	-----

THE KENNAMETAL THRIFT PLAN
 ITEM 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 1998

Identity of Issue	Description of Investment	Cost	Current Value
	Cash & Equivalents -----		
*Putnam	Putnam Fiduciary Trust, Contract No.: 522619 Maturity: 1/1/99, Yield: 5.32%	\$ 3,689,332	\$ 3,689,332
	Putnam Mutual Funds -----		
*Putnam	Putnam Voyager Fund	53,942,552	67,433,093
*Putnam	Putnam Asset Allocation - Balanced Portfolio	11,850,753	12,841,774
*Putnam	The Putnam Fund for Growth & Income	12,389,725	12,266,895
*Putnam	Putnam New Opportunities Fund	15,207,899	17,950,148
*Putnam	Putnam Asset Allocation - Growth Portfolio	3,617,301	3,848,375
*Putnam	Putnam Asset Allocation - Conservative Portfolio	3,751,678	3,809,940
*Putnam	Putnam International Growth Fund	4,707,395	5,006,515
	Total Putnam Mutual Funds	105,467,303	123,156,740
	Kennametal Inc. Common Stock -----		
*Putnam	Kennametal Inc. Common Stock	13,573,250	11,877,634
	Loans to Participants -----		
*Participants	Loans to Participants, Maturities: From January 1999 to December 2013, Yield: 9.32%	--	3,913,407
	Total Investments	\$177,830,232	\$199,077,163

* Party-in-interest.

THE KENNAMETAL THRIFT PLAN
 ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS (a)
 FOR THE YEAR ENDED DECEMBER 31, 1998

Identity of Party Involved	Description of Investment	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain/(Loss)
*Putnam	The Putnam Fund for Growth and Income	\$ 8,726,912	\$ --	\$ 8,726,912	\$ --	\$ --
*Putnam	Putnam Voyager Fund	18,168,662	21,404,901	18,168,662	19,176,171	2,228,730
*Putnam	PRIMCO Stable Value Fund	22,826,178	26,680,924	22,826,178	26,680,920	4
*Putnam	Putnam New Opportunities Fund	11,470,473	--	11,470,473	--	--
*Putnam	Kennametal Inc. Common Stock	14,721,152	17,324,202	14,721,152	17,715,429	(391,227)

(a) Represents transactions or a series of transactions in excess of 5% of the fair value of the Plan assets at the beginning of the year.

* Party-in-interest.

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the Kennametal Thrift Plan has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized, in Unity Township, Westmoreland County, Commonwealth of Pennsylvania.

KENNAMETAL THRIFT PLAN

Date: June 28, 1999

By: /s/ AMY DOVERSPIKE

Amy Doverspike
Plan Administrator

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports, included in this Form 11-K, into the Company's previously filed Registration Statement on Form S-8, Registration No. 333-18423, relating to the Kennametal Thrift Plan.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Pittsburgh, Pennsylvania
June 23, 1999