

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, 1999

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, 1999 and 1998, and the related statements of changes in net assets available for plan benefits for the years then ended. 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 auditing standards generally accepted in the United States. 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, 1999 and 1998, and the changes in net assets available for plan benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

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

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Arthur Andersen LLP

Pittsburgh, Pennsylvania  
June 20, 2000

THE KENNAMETAL THRIFT PLAN  
 STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
 DECEMBER 31, 1999 AND 1998

	December 31, 1999	December 31, 1998
	-----	-----
ASSETS		
Receivables:		
Participant contributions	\$ 194,146	\$ 198,305
Employer contributions	75,005	76,217
	-----	-----
Total Receivables	269,151	274,522
	-----	-----
General Investments:		
Mutual funds	193,490,234	123,156,740
Common/collective trusts - Fixed income fund	60,532,752	58,786,939
Kennametal Inc. common stock	18,146,163	11,877,634
Participant loans	4,814,041	3,913,407
	-----	-----
Total General Investments	276,983,190	197,734,720
	-----	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$277,252,341	\$198,009,242
	=====	=====

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN  
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
YEARS ENDED DECEMBER 31, 1999 AND 1998

	December 31, 1999			December 31, 1998
	Kennametal Inc. Common Stock Fund	All Other Funds	Total	
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</b>				
Participant contributions	\$ 1,140,127	\$ 13,189,300	\$ 14,329,427	\$ 16,114,687
Employer contributions	1,531,949	3,541,919	5,073,868	5,261,948
Earnings on investments	424,289	19,384,998	19,809,287	11,075,033
Net realized gains on disposition and unrealized appreciation in fair value of investments	7,325,468	44,389,784	51,715,252	10,873,330
Transfers from other plans	17	6,136,690	6,136,707	--
Other	2,247	153,443	155,690	82,098
<b>Total Additions</b>	<b>10,424,097</b>	<b>86,796,134</b>	<b>97,220,231</b>	<b>43,407,096</b>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>				
Benefit payments	(733,113)	(13,749,762)	(14,482,875)	(10,478,105)
Loan distribution	--	(206,291)	(206,291)	(93,666)
Employee withdrawals	(153,270)	(2,798,501)	(2,951,771)	(2,701,946)
Administrative fees	(717)	(97,366)	(98,083)	(123,760)
Forfeitures	(8,294)	(128,064)	(136,358)	(71,611)
Other	--	(101,754)	(101,754)	(82,332)
<b>Total Deductions</b>	<b>(895,394)</b>	<b>(17,081,738)</b>	<b>(17,977,132)</b>	<b>(13,551,420)</b>
<b>NET TRANSFERS BETWEEN FUNDS</b>	<b>(3,260,174)</b>	<b>3,260,174</b>	<b>--</b>	<b>--</b>
<b>NET INCREASE</b>	<b>6,268,529</b>	<b>72,974,570</b>	<b>79,243,099</b>	<b>29,855,676</b>
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS:</b>				
Beginning of year	11,877,634	186,131,608	198,009,242	168,153,566
End of year	\$18,146,163 =====	\$259,106,178 =====	\$277,252,341 =====	\$198,009,242 =====

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1999 AND 1998

1. DESCRIPTION OF PLAN

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

The Plan is a defined contribution 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 these employees the opportunity to defer a portion of their annual base compensation for federal income tax purposes in accordance with Section 401(k) of the Internal Revenue Code, as amended (the Code). The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Kennametal Inc. is the Plan sponsor.

During Kennametal Inc.'s fiscal years ended June 30, 1997 and 1998, Kennametal Inc., through a majority-owned subsidiary, acquired five companies, each sponsoring a defined contribution employee benefit plan. During 1999, the assets of these plans were merged into the Plan.

In September 1999, all Putnam mutual fund balances were transferred from Class A shares to Class Y shares to take advantage of lower management fees associated with the Class Y shares. This transfer did not change the participant investment choices or the value of participant accounts.

ADMINISTRATION OF THE PLAN - Putnam Fiduciary Trust Company serves as the Trustee of the Plan. Putnam Investments functions as the recordkeeper for the Plan.

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% to 12% of the employee's base salary. The participants can elect to have their contributions invested in the different investment funds available under the Plan. 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. Effective October 1, 1999, employer contributions are made solely in Kennametal Inc. common stock.

**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** - 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, 1999 was 9.25%.

**INVESTMENTS** - 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 Inc. 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.

MAS Small Cap Value Fund - This fund seeks above average total return over a three- to five-year period by investing primarily in common stocks and other equity securities similar to companies included in the Russell 2000 Index. The fund focuses on stocks that are undervalued based on the advisor's own measures of value.

Vanguard 500 Index Fund - This fund seeks to provide long-term growth of capital and income from dividends by holding all the 500 stocks that make up the Standard & Poor's 500 Composite Stock Price Index in proportion to their weightings in the index.

## 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. Participant loans are valued at cost, which approximates fair value. 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 \$1,082,260 and \$1,342,443 at December 31, 1999 and 1998, respectively. The crediting interest rates on the contracts ranged from 4.96% to 7.55% at December 31, 1999 and from 4.38% to 7.55% at December 31, 1998.

**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.

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

NEW ACCOUNTING STANDARD - The Accounting Standards Executive Committee issued SOP 99-3, "Accounting for and Reporting of Certain Defined Contribution Plan Investments and Other Disclosure Matters," which eliminates the requirement for a defined contribution plan to disclose participant-directed investment programs. The Plan adopted SOP 99-3 for the 1999 financial statements and reclassified certain amounts in the 1998 financial statements to eliminate the participant-directed fund investment program disclosures.

### 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, 1999 and 1998, were as follows:

	December 31, 1999 -----	December 31, 1998 -----
Common/Collective Trusts - Fixed Income Fund	\$ 60,532,752	\$58,786,939
Putnam Mutual Funds -		
Voyager	100,753,156	67,433,093
New Opportunities	37,805,122	17,950,148
Asset Allocation - Balanced Portfolio	15,401,938	12,841,774
Growth & Income	14,881,798	12,266,895
Kennametal Inc. Common Stock	18,146,163	11,877,634

### 4. QUALIFICATION OF PLAN

The Plan has been determined by the Internal Revenue Service to be a qualified employee benefit plan under the 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.

### 5. PLAN TERMINATION

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

THE KENNAMETAL THRIFT PLAN  
 PLAN NUMBER: 002  
 KENNAMETAL INC.  
 EIN: 25-0900168  
 SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR  
 SCHEDULE H, LINE 4i  
 DECEMBER 31, 1999

Identity of Issue	Description of Investment	Current Value
-----		
	Mutual Funds	
	-----	
*Putnam	Putnam Voyager Fund	\$100,753,156
*Putnam	Putnam New Opportunities Fund	37,805,122
*Putnam	Putnam Asset Allocation - Balanced Portfolio	15,401,938
*Putnam	The Putnam Fund for Growth & Income	14,881,798
*Putnam	Putnam International Growth Fund	12,933,535
*Putnam	Putnam Asset Allocation - Growth Portfolio	5,994,250
*Putnam	Putnam Asset Allocation - Conservative Portfolio	4,410,723
*Putnam	Vanguard 500 Index Fund	1,067,886
*Putnam	MAS Small Cap Value Fund	241,826
	-----	
	Total Mutual Funds	193,490,234
	-----	
	Collective/Common Trusts	
	-----	
*Putnam	PRIMCO Stable Value Fund	59,450,492
	-----	
	Kennametal Inc. Common Stock	
	-----	
*Putnam	Kennametal Inc. Common Stock (a)	18,146,163
	-----	
	Loans to Participants	
	-----	
*Participants	Loans to Participants, Maturities: From January 2000 to December 2014, Interest rates: 8.75% to 9.25%	4,814,041
	-----	
	Total Investments	\$275,900,930
		=====

\* Party-in-interest.

(a) The cost of this investment is \$14,309,974 at December 31, 1999.

THE KENNAMETAL THRIFT PLAN  
 PLAN NUMBER: 002  
 KENNAMETAL INC.  
 EIN: 25-0900168  
 SCHEDULE OF REPORTABLE TRANSACTIONS (a)  
 SCHEDULE H, LINE 4j  
 YEAR ENDED DECEMBER 31, 1999

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	Putnam Voyager Fund	\$71,240,091	\$71,240,091	\$54,026,735	\$71,240,091	\$17,213,356
*Putnam	Putnam New Opportunities Fund	23,558,728	23,558,728	19,144,016	23,558,728	4,414,712
*Putnam	The Putnam Fund for Growth & Income	13,832,867	13,832,867	14,574,841	13,832,867	(741,974)
*Putnam	Putnam Asset Allocation - Balanced Portfolio	13,111,047	13,111,047	12,120,683	13,111,047	990,364

\* Party-in-interest.

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

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 26, 2000

By: /s/ AMY DOVERSPIKE

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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  
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ARTHUR ANDERSEN LLP

Pittsburgh, Pennsylvania  
June 26, 2000