

FORM 11-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from July 1, 1997 to December 31, 1997

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

=====

THE KENNAMETAL THRIFT PLAN
INDEX TO FINANCIAL STATEMENTS

	Page -----
Report of Independent Public Accountants.....	2
Financial Statements:	
Statements of Net Assets Available for Plan Benefits December 31, 1997 and June 30, 1997.....	3
Statement of Changes in Net Assets Available for Plan Benefits Six months ended December 31, 1997.....	4
Statement of Changes in Net Assets Available for Plan Benefits Year ended June 30, 1997.....	5
Statement of Changes in Net Assets Available for Plan Benefits Year ended June 30, 1996.....	6
Notes to Financial Statements.....	7
Supplemental Schedules:	
Item 27a - Schedule of Assets Held for Investment Purposes December 31, 1997.....	12
Item 27d - Schedule of Reportable Transactions Six months ended December 31, 1997.....	14
Signatures.....	15
Exhibit 23 - Consent of Independent Public Accountants.....	16

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, 1997 and June 30, 1997, and the related statements of changes in net assets available for plan benefits for the six months ended December 31, 1997, and the years ended June 30, 1997 and 1996. 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, 1997 and June 30, 1997, and the changes in net assets available for plan benefits for the six months ended December 31, 1997, and the years ended June 30, 1997 and 1996, 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
May 28, 1999

THE KENNAMETAL THRIFT PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
 DECEMBER 31, 1997 AND JUNE 30, 1997

	December 31, 1997 ----	June 30, 1997 ----
ASSETS		
Receivables:		
Participant Contributions	\$ 203,191	\$ 410,565
Employer Contributions	71,690	146,508
	-----	-----
Total Receivables	274,881	557,073
	-----	-----
General Investments:		
Putnam Mutual Funds	100,753,013	78,042,271
Common/Collective Trusts-Fixed Income Fund	62,641,682	78,332,505
Kennametal Inc. Common Stock	1,994,428	285,172
Participant Loans	2,489,562	981,817
	-----	-----
Total General Investments	167,878,685	157,641,765
	-----	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$168,153,566 =====	\$158,198,838 =====

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	Asset Allocation Growth
Net Assets at June 30, 1997	\$158,198,838	\$ 78,332,505	\$ 57,532,476	\$ 12,132,867	\$2,547,112	\$3,047,449	\$ 744,475
Additions:							
Participant Contributions	8,362,297	891,866	2,122,804	641,551	1,092,154	2,006,612	504,307
Employer Contributions	2,424,093	231,229	705,351	203,155	344,642	622,067	164,823
Earnings on Investments (includes interest on loans)	8,584,842	2,109,053	3,717,980	972,553	1,036,397	222,321	189,643
Net Realized Gains (Losses)	1,747,936	--	1,446,404	222,603	(17,282)	61,092	3,743
Net Unrealized Gains (Losses)	912,480	--	2,218,132	(628,797)	(671,467)	339,402	(135,900)
Loan Repayments	--	21,987	59,120	12,876	22,012	47,814	10,408
Other	67,166	65,438	181	387	--	270	585
Total Additions	22,098,814	3,319,573	10,269,972	1,424,328	1,806,456	3,299,578	737,609
Deductions:							
Benefit Payments	(10,422,051)	(5,011,661)	(3,923,488)	(720,923)	(213,771)	(284,915)	(36,085)
Loan Issues	--	(719,481)	(578,003)	(134,069)	(79,319)	(119,572)	(23,126)
Loan Distributions	(6,469)	--	--	--	--	--	--
Employee Withdrawals	(1,498,314)	(865,541)	(366,918)	(50,446)	(66,138)	(82,816)	(14,098)
Administrative Fees	(111,497)	(96,749)	(7,495)	(1,703)	(1,129)	(1,509)	(383)
Forfeitures	(105,755)	(72,447)	(19,169)	(4,987)	(1,342)	(3,852)	(1,089)
Total Deductions	(12,144,086)	(6,765,879)	(4,895,073)	(912,128)	(361,699)	(492,664)	(74,781)
Net Transfers Between Funds	--	(12,244,517)	(710,104)	(235,133)	4,612,502	3,578,030	1,141,483
Net Assets at December 31, 1997	\$168,153,566	\$ 62,641,682	\$ 62,197,271	\$ 12,409,934	\$8,604,371	\$9,432,393	\$2,548,786

	Putnam Mutual Funds				
	Asset Allocation Conservative	International Growth	Kennametal Common Stock	Contributions Receivable	Loan Fund
Net Assets at June 30, 1997	\$ 739,612	\$ 1,298,280	\$ 285,172	\$ 557,073	\$ 981,817
Additions:					
Participant Contributions	308,750	533,828	335,243	(74,818)	--
Employer Contributions	95,308	150,773	114,119	(207,374)	--
Earnings on Investments (includes interest on loans)	132,472	192,385	12,038	--	--
Net Realized Gains (Losses)	5,059	(12,298)	38,615	--	--
Net Unrealized Gains (Losses)	(100,648)	(229,200)	120,958	--	--
Loan Repayments	5,892	14,932	7,113	--	(202,154)
Other	294	--	11	--	--
Total Additions	447,127	650,420	628,097	(282,192)	(202,154)
Deductions:					
Benefit Payments	(50,990)	(161,340)	(18,878)	--	--
Loan Issues	(17,931)	(28,891)	(18,476)	--	1,718,868
Loan Distributions	--	--	--	--	(6,469)
Employee Withdrawals	(13,554)	(18,962)	(17,341)	--	(2,500)
Administrative Fees	(258)	(451)	(1,820)	--	--
Forfeitures	(110)	(1,146)	(1,613)	--	--
Total Deductions	(82,843)	(210,790)	(58,128)	--	1,709,899
Net Transfers Between Funds	1,263,565	1,454,887	1,139,287	--	--
Net Assets at December 31, 1997	\$ 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	Putnam Mutual Funds					
		Alliance Equity Fund	Alliance Balanced Fund	Primco Fund	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
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED JUNE 30, 1996

	Totals -----	Alliance Equity Fund -----	Alliance Balanced Fund -----	Primco Fund -----
Net Assets at June 30, 1995	\$ 116,820,745	\$ 30,746,840	\$ 7,265,236	\$ 78,808,669
Additions:				
Participant Contributions	10,612,045	4,022,032	981,881	5,608,132
Employer Contributions	3,770,394	1,352,178	339,157	2,079,059
Earnings on Investments	4,678,502	--	--	4,678,502
Net Realized Gains	8,551,079	7,511,068	1,040,011	--
Transfers From Other Plans	68,273	51,080	13,740	3,453
Total Additions	----- 27,680,293 -----	----- 12,936,358 -----	----- 2,374,789 -----	----- 12,369,146 -----
Deductions:				
Benefit Payments	(9,620,295)	(2,082,222)	(500,900)	(7,037,173)
Administrative Fees	(230,542)	(30,570)	(6,761)	(193,211)
Total Deductions	----- (9,850,837) -----	----- (2,112,792) -----	----- (507,661) -----	----- (7,230,384) -----
Net Transfers Between Funds	----- -- -----	----- 5,720,457 -----	----- 440,944 -----	----- (6,161,401) -----
Net Assets at June 30, 1996	\$ 134,650,201 =====	\$ 47,290,863 =====	\$ 9,573,308 =====	\$ 77,786,030 =====

The accompanying notes are an integral part of these statements.

THE KENNAMETAL THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997, JUNE 30, 1997 AND 1996

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 - During the fiscal year ended June 30, 1995, Kennametal Inc. acquired Adaptive Technologies Corporation (ATC). As a result of the acquisition, ATC's 401(k) plan was merged into the Plan during the fiscal year ended June 30, 1996. 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, 1997, was 9.5%. There were no delinquent loans as of December 31, 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 \$777,974 and \$386,498 at December 31, 1997 and June 30, 1997, respectively. The crediting interest rates on the contracts ranged from 5.05% to 7.55% at December 31, 1997, from 4.88% to 8.15% at June 30, 1997, and from 4.88% to 7.87% at June 30, 1996.

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.

RECLASSIFICATIONS - Certain prior year balances have been reclassified to conform to the current year presentation.

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, 1997 and June 30, 1997, were as follows:

	December 31, 1997 ----	June 30, 1997 ----
Common/Collective Trusts - Fixed Income Fund	\$ 62,641,682	\$ 78,332,505
Putnam Mutual Funds -		
Voyager	62,197,271	57,532,476
Asset Allocation - Balanced Portfolio	12,409,934	12,132,867
New Opportunities	9,432,393	--
Growth & Income	8,604,371	--

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, 1997 or June 30, 1997.

Common trust income allocated to the participating plans for the six months ended December 31, 1997, and the years ended June 30, 1997 and 1996, were as follows:

	Six Months Ended December 31, 1997 ----	Years Ended June 30, 1997 ----	1996 ----
Thrift Plan	\$2,109,053	\$4,866,795	\$4,678,502
Retirement Savings Plan (as of March 1, 1997)	--	140,343	186,930
	-----	-----	-----
Total Earnings on Investments	\$2,109,053 =====	\$5,007,138 =====	\$4,865,432 =====

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, 1997 and June 30, 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, 1997

Identity of Issue	Description of Investment	Cost	Current Value
----- Security Backed Investments -----			
Bankers Trust	Bankers Trust (Del) Basic, Contract No.: 97-883THT Maturity: 12/30/00, Yield: 7.11%	\$ 8,625,942	\$ 8,818,060
Transamerica Life	Transamerica Life & Annuity, Contract No.: 76543 Maturity: 11/15/04, Yield: 6.44%	6,390,941	6,499,497
Allstate Life	Allstate Life Ins. Co., Contract No.: GA-31007 Maturity: 3/1/98, Yield: 6.19%	2,260,669	2,272,919
John Hancock	John Hancock Mutual Life, Contract No.: 7562 Maturity: 5/1/07, Yield: 7.40%	4,418,503	4,592,217
Mass Mutual	Mass Mutual Life Ins. Co., Contract No.: 10480 Maturity: 7/5/02, Yield: 6.27%	3,888,798	3,909,116
Metropolitan Life	Metropolitan Life Ins. Co., Contract No.: 13708 Maturity: 1/2/01, Yield: 6.75%	7,227,415	7,344,339
New York Life	New York Life Ins. Co., Contract No.: 20032-18D Maturity: 1/22/98, Yield: 5.46%	775,412	773,267
Peoples	Peoples Security Life, Contract No.: 00028TR Maturity: 3/30/07, Yield: 6.63%	7,442,330	7,551,350
CDC	Caisse des Depots, Contract No.: 220-01 Maturity: 12/31/99, Yield: 6.19%	559,425	560,596
	Caisse des Depots, Contract No.: 220-02 Maturity: 12/12/02, Yield: 6.02%	1,003,048	949,946
		-----	-----
	Total Security Backed Investments	42,592,483	43,271,307
		-----	-----
----- General Account Investments -----			
Canada Life	Canada Life Assurance Co., Contract No.: 45798 Maturity: 1/4/99, Yield: 5.36%	4,205,968	4,197,489
Metropolitan Life	Metropolitan Life Ins. Co., Contract No.: 13678 Maturity: 2/4/00, Yield: 5.55%	3,033,481	3,002,858
Metropolitan Life	Metropolitan Life Ins. Co., Contract No.: 13852 Maturity: 10/1/99, Yield: 7.55%	2,530,762	2,592,424

THE KENNAMETAL THRIFT PLAN
 ITEM 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 1997

Identity of Issue	Description of Investment	Cost	Current Value
New York Life	New York Life Ins. Co., Contract No.: 30334 Maturity: 4/3/00, Yield: 6.45%	\$ 3,074,219	\$ 3,094,362
Sun Life	Sun Life Ass. Canada (US), Contract No.: S-0892-G Maturity: 10/1/98, Yield: 5.05%	4,900,962	4,886,207
John Hancock	John Hancock Mutual Life, Contract No.: 6406-1 Maturity: 8/1/02, Yield: 5.90%	48,809	47,898
	Total General Account Investments	17,794,201	17,821,238
	Cash & Equivalents		
*Putnam	Putnam Fiduciary Trust, Contract No.: 522619 Maturity: 1/1/98, Yield: 5.82%	2,327,111	2,327,111
	Putnam Mutual Funds		
*Putnam	Putnam Voyager Fund	54,950,042	62,197,271
*Putnam	Putnam Asset Allocation - Balanced Portfolio	12,287,848	12,409,934
*Putnam	The Putnam Fund for Growth & Income	9,212,751	8,604,371
*Putnam	Putnam New Opportunities Fund	8,914,521	9,432,393
*Putnam	Putnam Asset Allocation - Growth Portfolio	2,654,922	2,548,786
*Putnam	Putnam Asset Allocation - Conservative Portfolio	2,457,964	2,367,461
*Putnam	Putnam International Growth Fund	3,380,521	3,192,797
	Total Putnam Mutual Funds	93,858,569	100,753,013
	Kennametal Inc. Common Stock		
*Putnam	Kennametal Inc. Common Stock	1,846,401	1,994,428
	Loans to Participants		
*Participants	Loans to Participants, Maturities: From July 1998 to November 2012, Yield: 8.36%	--	2,489,562
	Total Investments	\$ 158,418,765	\$ 168,656,659

* Party-in-interest.

THE KENNAMETAL THRIFT PLAN
 ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS (a)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 1997

Identity of Party Involved	Description of Investment	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain
*Putnam	The Putnam Fund for Growth and Income	\$ 8,628,051	\$ --	\$ 8,628,051	\$ --	\$ --
*Putnam	Putnam Voyager Fund	13,067,601	12,067,341	13,067,601	10,620,937	1,446,404
*Putnam	PRIMCO Stable Value Fund	8,193,736	23,886,878	8,193,736	23,886,874	4

(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 24, 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