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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934**

Date of report (Date of earliest event reported): February 3, 2016

Kennametal Inc.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania
(State or Other Jurisdiction
of Incorporation)

1-5318
(Commission
File Number)

25-0900168
(IRS Employer
Identification No.)

World Headquarters
600 Grant Street
Suite 5100
Pittsburgh, Pennsylvania
(Address of Principal Executive Offices)

15219
(Zip Code)

Registrant's telephone number, including area code: (412) 248-8200

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 4, 2016, Kennametal Inc. (“Kennametal” or the “Company”) announced the appointment of Ronald M. DeFeo to serve as President and Chief Executive Officer of the Company. Mr. DeFeo will continue to serve as a member of the Board of Directors of the Second Class, holding office until the Annual Meeting of Shareowners in 2018 and until a successor shall have been elected and qualified or until his earlier death, resignation or removal. The Company issued a press release reporting this appointment on February 4, 2016, a copy of which is attached hereto as Exhibit 99.1. Mr. DeFeo succeeds Donald A. Nolan, the Company’s President and Chief Executive Officer, who left the Company on February 3, 2016 to pursue other interests after serving as the Company’s President and Chief Executive Officer since November 17, 2014. Mr. Nolan will no longer serve as a member of the Company’s Board of Directors effective February 3, 2016.

Mr. DeFeo, age 63, has served as a Kennametal Board member since 2001. Mr. DeFeo served as the Chairman of the Board and Chief Executive Officer of Terex Corporation (a global manufacturer of machinery and industrial products), from March 1998 and March 1995, respectively, until his retirement from Terex at the end of 2015. 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.

In connection with his appointment as President and Chief Executive Officer, Mr. DeFeo entered into an employment agreement with Kennametal, effective as of February 4, 2016. Under the terms of the employment agreement, Mr. DeFeo will be entitled to the following:

- Annual base salary of \$1,000,000.
- Cash signing bonus of \$200,000, to be repaid in full if Mr. DeFeo voluntarily resigns or is terminated for cause from the Company on or before February 3, 2017.
- Participation in the Company’s Prime Bonus Plan with a target bonus of 100% of annual base salary. Achievement of 2016 Prime Bonus to be measured based on achievement of the Company’s performance goals for 2016 (this portion will be pro-rated for the five months worked in fiscal 2016).
- An individual cash performance award for fiscal 2016 with a maximum amount of up to \$350,000 paid based on achievement of specified strategic performance goals set by the compensation committee (this portion will not be pro-rated for 2016).
- Near the beginning of each fiscal year during the term of his employment, subject to Board approval, Mr. DeFeo will be eligible to receive a long-term incentive grant consisting of one or more of the following: Performance Stock Units (PSU’s), Stock Options and Restricted Stock Units (RSU’s).
- Participation in all general employee benefit plans and programs as well as participation in the Company’s Executive Retirement Program.
- While Mr. DeFeo serves as President and Chief Executive Officer, he will not sit on any Board committees or receive any additional compensation for his Board service. His existing outstanding equity awards for his prior Board service as a non-employee director will continue to vest and/or become exercisable, or be settled in shares, as applicable, in accordance with their original schedules, provided Mr. DeFeo continues to provide services to the Company.

Mr. DeFeo also received a special long-term incentive grant on February 4, 2016 under Kennametal's Stock and Incentive Plan of 2010 (as amended and restated on October 22, 2013 and its further amendments) (the "LTIP Plan") consisting of 50% stock options and 50% restricted stock units, which will vest in three equal parts on each of the first three anniversary dates of the grant date. The number of stock options and restricted stock units granted were 128,716 and 29,347, respectively. These awards were granted pursuant to a nonstatutory stock option award agreement and a restricted unit award agreement.

Under the employment agreement, Mr. DeFeo's employment as President and Chief Executive Officer will be on an at-will basis and the Company may terminate Mr. DeFeo with or without cause after providing the requisite numbers of days' notice. Upon termination, Mr. DeFeo will not be entitled to any severance or similar cash payment. Under the terms of his employment agreement, Mr. DeFeo is subject to a one-year post-termination non-compete and non-solicitation obligation. There are no related-party transactions with respect to Mr. DeFeo required to be disclosed pursuant to Item 404(a) of Regulation S-K.

A copy of the employment agreement is being filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference into this Item.

Similarly, the award agreements for the special long-term incentive grant made on February 4, 2016 are being filed as Exhibits 10.2 and 10.3, respectively, to this Current Report on Form 8-K and are incorporated by reference into this Item.

The descriptions of the employment agreement and the award agreements for the special long-term incentive grant are not complete and are qualified in their entirety by reference to the agreements filed as exhibits to this Current Report on Form 8-K.

Item 8.01 Other Events.

On February 4, 2016, the Company issued a press release announcing Mr. DeFeo's appointment as President and Chief Executive Officer. A copy of this press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Officer's Employment Agreement dated February 4, 2016
- 10.2 Form of Stock Option Award Agreement
- 10.3 Form of Restricted Stock Unit Award Agreement
- 99.1 Press Release dated February 4, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 5, 2016

Kennametal Inc.

By: /s/ Kevin G. Nowe

Kevin G. Nowe

Vice President, Secretary and General Counsel



February 3, 2016

Ronald M. DeFeo
45 Beachside Avenue
Westport, CT 06880

Dear Ron:

You have agreed to serve as President and Chief Executive Officer (“CEO”) of Kennametal Inc. (the “Company”). This letter agreement (the “Agreement”) sets forth the terms of your employment as the Company’s CEO and is effective as of February 4, 2016 (the “Effective Date”).

1. Position. In your position as CEO, you will report to the Company’s Board of Directors (the “Board”). The CEO position is a full-time position with its principal work place at the Company’s headquarters in Pittsburgh, Pennsylvania. The Company expects that you will remain on the Board as a director during your Term, as defined below. While you render services to the Company as CEO, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company; provided, however, that you may continue to serve on any boards of directors or committees thereof on which you served as of the Effective Date, so long as such service does not materially interfere with your duties hereunder. By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. Term and Termination. From the Effective Date, your position as CEO shall continue through termination of your employment by you or the Company (the “Term”). Your employment is “at will,” and may be terminated by the Company at any time without cause on 60 days written notice to you, or immediately on written notice should you breach this Agreement and fail to cure such breach within 30 days of your receipt of written notice thereof. Your employment hereunder may be terminated by you at any time for any or no reason upon no less than sixty (60) days prior written notice to the Board or immediately on written notice to the Board should Company breach this Agreement and fail to cure such breach within 30 days of its receipt of written notice thereof. You and the Company agree that there will be no termination, severance or similar cash payments payable under this Agreement for any termination of your employment, and you will be due all compensation earned through the date of termination. In the event of a termination for any reason, you will promptly return to the Company all materials in any form acquired by you as a result of employment with the Company, and all property of the Company.

3. Board Service; Director Equity Awards.

3.1 While you serve as CEO, you will also continue to serve on the Board, but will not sit on any Board committees during your service as CEO. You will not receive any non-employee director cash retainers, equity grants or other compensation under the Company’s Director Compensation Program for your services as a director.

3.2 Your now and future existing outstanding equity awards will continue to vest and/or become exercisable, or be settled in shares, as applicable, during and after the Term in accordance with their original schedules, provided you continue to provide services to the Company or as otherwise provided for in the plans related thereto.

4. Compensation and Benefits.

4.1 Salary and Prime Bonus. The Company will pay you at the annualized salary rate of One Million Dollars (\$1,000,000) per year, payable in accordance with the Company's normal payroll schedule and subject to required withholdings. You will be eligible to participate in the Company's Prime Bonus Plan with a target bonus of 100% of annual base salary (pro-rated for your months of service as CEO in "Fiscal 2016," which is defined as July 1, 2015 to June 30, 2016) based on the Company's financial performance goals as determined by the Board. You will also be eligible for an individual strategic performance award under the Prime Bonus Plan with a maximum award of up to Three Hundred and Fifty Thousand Dollars (\$350,000) for Fiscal 2016, which will be based upon the achievement of specified individual performance goals set by the Compensation Committee of the Board (the "Committee"). This individual performance bonus will not be pro-rated for Fiscal 2016, but will be provided in the Committee's sole discretion based upon its determination of your achievement of the individual performance goals.

4.2 Long Term Incentive. At or near the beginning of each of the Company's fiscal years, and subject to Board approval, you will be eligible to receive a Long Term Incentive Program ("LTIP") grant, which may consist of one or more of the following: Performance Stock Units (PSU's), Stock Options and Restricted Stock Units (RSU's).

4.3 Sign On Bonus and Initial Grant. You shall be provided with a sign on bonus of Two Hundred Thousand Dollars (\$200,000), payable in the first pay period following the Effective Date. If you voluntarily resign from the Company (and it shall not be considered a resignation should you resign due to the Company's uncured breach of this Agreement) or are terminated for cause per Section 2 above within the first twelve (12) months of your employment as CEO, you shall repay to the Company the full gross amount of the sign on bonus. On February 4, 2016, you shall be provided with a one-time grant of RSU's with a value of Five Hundred Thousand Dollars (\$500,000) and a one-time grant of Stock Options with a value of Five Hundred Thousand Dollars (\$500,000), in each case that shall vest in substantially equal annual amounts over a three (3) year period from the grant date. Each award shall be made under and subject to the terms of the Company's LTIP and the terms and conditions of the Company's Stock and Incentive Plan of 2010, as Amended and Restated on October 22, 2013 (and as further amended).

4.4 Vacation. You shall be entitled to twenty (20) days of vacation per year and four (4) personal days, all of which shall accrue in accordance with Company's policies applicable to similarly situated employees of Company.

4.5 Employee Benefit Programs. As CEO of the Company, you will be eligible to participate in the savings, and health and welfare benefit plans, that are sponsored by the Company and generally available to our executive employees for the time which you are employed. Your participation in the benefit plans and programs is determined by the terms and provisions of those plans and programs, as they may be amended from time to time.

5. Indemnification. The Company shall indemnify you with respect to activities in connection with your employment hereunder in accordance with the terms of the separate indemnification agreement between you and the Company.

6. Company Policies. You recognize the necessity for established policies and procedures pertaining to Company's business operations, and the Company's right to change, revoke or supplement such policies and procedures at any time, in Company's sole discretion. You agree to comply with such policies and procedures, including those contained in any manuals or handbooks, as may be amended from time to time in the sole discretion of the Company.

7. Non-Competition and Non-Solicitation Agreement.

7.1 During your employment as CEO by the Company and for one year thereafter, you will not, in any geographic area in which the Company is offering its services and products, without the prior written consent of Company:

- a. directly or indirectly engage in, or
- b. assist or have an active interest in (whether as proprietor, partner, investor, shareholder, officer, director or any type of principal whatsoever), or
- c. enter the employ of, or act as agent for, or advisor or consultant to, any person, firm, partnership, association, corporation or business organization, entity or enterprise which is or is about to become directly or indirectly engaged in, any business which is competitive with any business of the Company or any subsidiary or affiliate thereof in which you are or were engaged during your term of employment by the Company; provided, however, that the foregoing provisions of this Section 8 are not intended to prohibit and shall not prohibit you from purchasing, for investment, not in excess of 1% of any class of stock or other corporate security of any company which is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

7.2 During the period of your employment by the Company and for one year thereafter, you will not, without the prior written consent of the Company (i) solicit or attempt to hire or assist any other person in any solicitation or attempt to hire any employee of the Company, its subsidiaries or affiliates, or (ii) encourage any such employee to terminate his employment with the Company, its subsidiaries or affiliates; provided you will not be in breach of this Section 7.2 should the employee of the Company or its subsidiaries or affiliates respond to a general advertisement.

7.3 You acknowledge that the breach of the provisions of this Section 7 by you would cause irreparable injury to the Company, and you acknowledge and agree that remedies at law for any such breach will be inadequate and you consent and agree that the Company shall be entitled, without the necessity of proof of actual damage, to injunctive relief in any proceedings which may be brought to enforce the provisions of this Section 7. You specifically agree that the limitations as to periods of time and geographic area, as well as all other restrictions on his activities specified in Section 7, are reasonable and necessary for the protection of the Company, its employees and its affiliates. You acknowledge and warrant that you will be fully able to earn an adequate livelihood for yourself and your dependents if this Section 7 should be specifically enforced against you and that such enforcement will not impair your ability to obtain employment commensurate with your abilities and fully acceptable to you.

7.4 If the scope of any restriction contained in this Section 7 is too broad to permit enforcement of such restriction to its full extent, then such restriction shall be enforced to the maximum extent permitted by law and you and the Company hereby consent and agree that such scope may be judicially modified in any proceeding brought to enforce such restriction. Your obligations under this Section 7 are subject to Company not being in breach of its obligations under this Agreement.

8. Confidentiality

8.1 You acknowledge and agree that in the course of your employment by the Company, you may work with, add to, create or acquire trade secrets and confidential information ("Confidential Information") of the Company which could include, in whole or in part, information:

- a. of a technical nature such as, but not limited to, the Company's manuals, methods, know-how, formulae, shapes, designs, compositions, processes, applications, ideas, improvements, discoveries, inventions, research and development projects, equipment, apparatus, appliances, computer programs, software, systems documentation, special hardware, software development and similar items; or
- b. of a business nature such as, but not limited to, information about business plans, sources of supply, cost, purchasing, profits, markets, sales, sales volume, sales methods, sales proposals, identity of customers and prospective customers, identity of customers' key purchasing personnel, amount or kind of customers' purchases and other information about customers; or
- c. pertaining to future developments such as, but not limited to, research and development or future marketing or merchandising.

You further acknowledge and agree that (i) all Confidential Information is the property of the Company; (ii) the unauthorized use, misappropriation or disclosure of any Confidential Information would constitute a breach of trust and could cause irreparable injury to the Company; and (iii) it is essential to the protection of the Company's goodwill and to the maintenance of its competitive position that all Confidential Information be kept secret and that you will not disclose any Confidential Information to others or use any Confidential Information to the detriment of the Company.

You agree to hold and safeguard all Confidential Information in trust for the Company, its successors and assigns and you shall not (except as required in the performance of your duties), use or disclose or make available to anyone for use outside the Company's organization at any time, either during employment with the Company or subsequent thereto, any of the Confidential Information, whether or not developed by you, without the prior written consent of the Company; provided you may disclose Confidential Information to your legal and other advisors with a need to know, provided they are advised of your confidentiality obligations hereunder and they are required by you or by ethical obligation to keep such information confidential. Confidential Information will not include, and you will have no obligations with respect to (i) information made public other than by reason of your breach of this Agreement, or (ii) information provided to you by a third party with the right to provide the same without any obligation of confidentiality. Further, nothing herein will prevent you from disclosing Confidential Information to the extent required by law, so long as you provide Company with prior written notice thereof.

8.2 You agree that:

- a. you will promptly and fully disclose to the Company or such officer or other agent as may be designated by the Company any and all inventions made or conceived by you (whether made solely by you or jointly with others) during employment with the Company (1) which are along the line of the business, work or investigations of the Company, or (2) which result from or are suggested by any work which you may do for or on behalf of the Company; and
- b. you will assist the Company and its nominees during and subsequent to such employment in every proper way (entirely at its or their expense) to obtain for its or their own benefit patents for such inventions in any and all countries; the said inventions, without further consideration other than such salary as from time to time may be paid to you by the Company as compensation for your services in any capacity, shall be and remain the sole and exclusive property of the Company or its nominee whether patented or not; and
- c. you will, during the term of your employment by the Company and for one year thereafter, keep and maintain adequate and current written records of all such inventions, in the form of but not necessarily limited to notes, sketches, drawings, or reports relating thereto, which records shall be and remain the property of and available to the Company at all times.

8.3 You agree that, promptly upon termination of your employment, you will disclose to the Company, or to such officer or other agent as may be designated by the Company, all inventions which have been partly or wholly conceived, invented or developed by you as described in clause 8.2 (a) above for which applications for patents have not been made and shall thereafter execute all such instruments of the character hereinbefore referred to, and will take such steps as may be necessary to secure and assign to the Company the exclusive rights in and to such inventions and any patents that may be issued thereon any expense therefor to be borne by the Company.

8.4 You agree that you will not at any time aid in attacking the patentability, scope, or validity of any invention to which the provisions of subparagraphs 8.2 and 8.3, above apply.

9. Tax Matters. All forms of compensation referred to in this Agreement are subject to applicable withholding and payroll taxes and other deductions required by law.

10. Entire Agreement. This Agreement supersedes and replaces any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company, and constitutes the complete agreement between you and the Company, regarding your position as CEO. This Agreement may not be amended or modified, except by an express written agreement signed by both you and the Chairman of the Board. The terms of this Agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this Agreement or arising out of, related to, or in any way connected with, this Agreement, your employment with the Company or any other relationship between you and the Company will be governed by Pennsylvania law, excluding laws relating to conflicts or choice of law. In any action between the parties arising out of or relating to any such disputes, each of the parties irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the state and federal courts located in Allegheny County, Pennsylvania. This Agreement may be signed in counterparts and the counterparts taken together will constitute one agreement.

Very truly yours,

Kennametal Inc.

By: /s/ Lawrence W. Stranghoener
Lawrence W. Stranghoener

Title: Chairman of the Board

ACCEPTED AND AGREED:

By: /s/ Ronald M. DeFeo
Ronald M. DeFeo

Date: 2-4-16

KENNAMETAL INC.**NONSTATUTORY STOCK OPTION AWARD****(FOR PRESIDENT AND CEO)****Grant Date:**

Kennametal Inc. (the "Company") hereby grants to «name» (the "Optionee"), as of the Grant Date listed above, this Nonstatutory Stock Option Award (the "Option") to purchase «number of stock options» shares of the Company's Capital Stock, par value \$1.25 per share (the "Shares"), at the price of \$XX.XX per Share, subject to the terms and conditions of the Kennametal Inc. Stock and Incentive Plan of 2010, as Amended and Restated on October 22, 2013, as further amended January 27, 2015 (the "Plan"), and the additional terms listed below. Capitalized terms used herein, but not otherwise defined herein, shall have the same meaning ascribed to them in Schedule A or in the Plan.

1. The Option must be exercised within ten (10) years from the Grant Date and only at the times and for the number of Shares as follows: (a) prior to the first anniversary of the Grant Date, the Option is not exercisable as to any Shares; (b) on the first anniversary of the Grant Date, one-third (1/3) of the Shares under the Option will vest and become exercisable; (c) on the second anniversary of the Grant Date, an additional one-third (1/3) of the Shares under the Option will vest and become exercisable; and (d) on the third anniversary of the Grant Date, the remaining one-third (1/3) of the Shares under the Option will vest and become exercisable.

2. Notwithstanding anything to the contrary in this Option or the Plan, the unvested Options will be forfeited to the Company upon termination of Awardee's employment for "cause" (as defined in the Plan) or breach by Awardee of any restrictive covenant to which he may be bound by the Company. Upon termination of Awardee's employment for any reason other than "cause," any unvested Options will continue to vest and become exercisable in accordance with the schedule set forth above in Section 1. Any vested Options shall remain exercisable until the third anniversary of the later of (i) the applicable vesting date set forth in Section 1 above or (ii) the date of termination of Awardee's employment, provided that no Option shall be exercisable after the 10th anniversary of the Grant Date.

3. This Option is intended to be exempt from coverage under Section 409A of the Internal Revenue Code (which deals with nonqualified deferred compensation) and the regulations promulgated thereunder, and the Company reserves the right to administer, amend or modify the Option or to take any other action necessary or desirable to enable the Option to be interpreted and construed accordingly. Notwithstanding the foregoing, the Optionee acknowledges and agrees that Section 409A may impose upon the Optionee certain taxes or interest charges for which the Optionee is and shall remain solely responsible.

4. Notwithstanding anything to the contrary in this Option or the Plan, in the event that this Option is not accepted by the Optionee on or before the date that is 180 days from the grant date noted herein (the "Forfeiture Date"), then this Option shall become null and void and all Shares subject to this Award shall be forfeited by the Optionee as of the Forfeiture Date. For acceptance to be valid, the Optionee must accept this Option in the manner specified by the Company. Any Shares underlying the Option that are forfeited by the Optionee shall be returned to the Plan and resume the status of shares available for grant.

5. All other terms and conditions applicable to this Option are contained in the Plan. A copy of the Plan and related Prospectus is available on your account page at netbenefits.fidelity.com under Plan Information and Documents, as well as on The Hub under Human Resources.

KENNAMETAL INC.

By: Kevin G. Nowe
Title: Vice President, Secretary and General Counsel

KENNAMETAL INC.**RESTRICTED UNIT AWARD****(FOR PRESIDENT AND CEO)****Grant Date:**

Kennametal Inc. (the "Company") hereby grants to «name» (the "Awardee"), as of the Grant Date listed above, this Restricted Unit Award (the "Award") for «number of stock units» Stock Units, subject to the terms and conditions of the Kennametal Inc. Stock and Incentive Plan of 2010, as Amended and Restated on October 22, 2013, as further amended on January 27, 2015 (the "Plan"), and the additional terms listed below. Capitalized terms used herein, but not otherwise defined herein, shall have the same meaning ascribed to them in Schedule A or the Plan.

1. Each Stock Unit represents the right to receive one Share of the Company's Capital Stock, par value \$1.25 per share, subject to the Forfeiture Restrictions (defined below). Notwithstanding, Stock Units as initially awarded have no independent economic value, but rather are mere units of measurement used for the purpose of calculating the number of Shares, if any, to be delivered under the Award.
2. The prohibition against transfer and the obligation to forfeit and surrender the Stock Units to the Company are herein referred to as "Forfeiture Restrictions." The Stock Units may not be sold, assigned, pledged, exchanged, hypothecated, gifted or otherwise transferred, encumbered or disposed of, except as described in the Plan, to the extent then subject to the Forfeiture Restrictions. The Forfeiture Restrictions will be binding upon, and enforceable against, any permitted transferee of the Stock Units.
3. Provided that the Awardee's employment is not terminated for "cause" (as defined in the Plan) and that Awardee does not breach any restrictive covenant to which he may be bound by the Company from the Grant Date through the lapse date, the Forfeiture Restrictions will lapse as follows: (a) on the first anniversary of the Grant Date, one-third (1/3) of the Stock Units will vest and the Forfeiture Restrictions will lapse as to those Stock Units; (b) on the second anniversary of the Grant Date, an additional one-third (1/3) of the Stock Units will vest and the Forfeiture Restrictions will lapse as to those Stock Units; and (c) on the third anniversary of the Grant Date, the remaining one-third (1/3) of the Stock Units will vest and the Forfeiture Restrictions will lapse as to those Stock Units.
4. The Stock Units, to the extent then subject to the Forfeiture Restrictions, will be forfeited to the Company upon termination of Awardee's employment for "cause" (as defined in the Plan) or breach by Awardee of any restrictive covenant to which he may be bound by the Company. Upon any other Separation from Service other than termination for "cause," the Forfeiture Restrictions will remain in place and will continue to lapse in accordance with the schedule set forth above in Section 3.
5. Except as otherwise provided herein, the shares of Company Capital Stock (the "Shares") underlying Stock Units which are no longer subject to Forfeiture Restrictions shall be issued to the Awardee on the lapse date (or as soon as reasonably practicable thereafter but in no event later than the 15th day of the third month following such date), subject to the Awardee's satisfaction of all applicable income and employment withholding taxes.
6. The Shares underlying Stock Units shall not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable federal or state securities laws. The Company may refuse to register a transfer of the Shares on the stock transfer records of the

Company if the transfer constitutes a violation of any applicable securities law and the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Shares.

7. This Restricted Unit Award is intended to comply with Section 409A of the Internal Revenue Code (which deals with nonqualified deferred compensation) or an exception thereto and the regulations promulgated thereunder and will be construed accordingly. The Company reserves the right to administer, amend or modify the Award or to take any other action necessary or desirable to enable the Award to be interpreted and construed accordingly. Notwithstanding the foregoing, the Awardee acknowledges and agrees that Section 409A may impose upon the Awardee certain taxes or interest charges for which the Awardee is and shall remain solely responsible. Notwithstanding the foregoing or any provision of this Award to the contrary, if this Award is subject to Section 409A (and not excepted therefrom) and a Change of Control is a distribution event for purposes of the Award, the definition of Change in Control shall be interpreted, administered and construed in a manner necessary to ensure that the occurrence of any such event shall result in a Change of Control only if such event qualifies as a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation, as applicable, within the meaning of Treas. Reg. § 1.409A-3(i)(5).

8. Notwithstanding anything to the contrary in this Award or the Plan, in the event that this Award is not accepted by the Awardee on or before the date that is 180 days from the grant date noted herein (the "Forfeiture Date"), then this Award shall become null and void and all Stock Units subject to this Award shall be forfeited by the Awardee as of the Forfeiture Date. For acceptance to be valid, the Awardee must accept this Award in the manner specified by the Company. Any Shares underlying the Stock Units covered by this Award that are forfeited by the Awardee shall be returned to the Plan and resume the status of shares available for grant.

9. All other terms and conditions applicable to this Award are contained in the Plan. A copy of the Plan and related Prospectus is available on your accounts page at netbenefits.fidelity.com under Plan Information and Documents, as well as on The Hub under Human Resources.

KENNAMETAL INC.

By: Kevin G. Nowe
Title: Vice President, Secretary and General Counsel

PRESS RELEASE

**FOR IMMEDIATE RELEASE:**

DATE: February 4, 2016

Media Relations

CONTACT: Diane Johnson

PHONE: 412-248-8220

Investor Relations

CONTACT: Kelly Boyer

PHONE: 412-248-8227

Kennametal Board Appoints Ronald M. DeFeo Chief Executive Officer

- *Built Terex into a global industrial equipment leader during more than two decades at helm*

PITTSBURGH: Feb. 4, 2016 — The board of directors of Kennametal Inc. (NYSE: KMT) today announced the appointment of board member **Ronald M. DeFeo** as the company's president and chief executive officer (CEO), effective immediately.

DeFeo replaces Donald Nolan, who has left the company to pursue other interests after serving as president and CEO since Nov. 17, 2014.

"We have determined a change in leadership is necessary and are pleased that Ron will step into this role," said Kennametal Chairman of the Board of Directors Lawrence W. Stranghoener. "Ron is a highly experienced CEO who will bring much wisdom, experience and passion for Kennametal. He will sharpen our focus, prioritize our results, and motivate, engage, and empower our people to produce the financial results that are expected of an industry leader like Kennametal. We appreciate Don Nolan's service. He was a necessary change agent through a period of significant turmoil and uncertainty."

A Kennametal board member since 2001, DeFeo served as the Chairman of the Board and Chief Executive Officer of Terex Corporation (a global manufacturer of machinery and industrial products), from March 1998 and March 1995, respectively, until his retirement from the company at the end of 2015. He joined Terex in 1992.

"As a 14-year member of the Kennametal board, I know what the company and its people are capable of achieving," DeFeo said. "I'm excited about the potential embedded in Kennametal and with over 20 years of CEO experience, I am excited to get to work on behalf of Kennametal's employees, customers, and shareholders. I am confident in what we can accomplish together."

Before joining Terex, 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. DeFeo began his career in 1974 at Procter & Gamble in marketing and brand management where he advanced through the corporation in his 10-year tenure there. Mr. DeFeo holds a bachelor's of arts degree in Economics and Philosophy from Iona College.



Aside from DeFeo, Kennametal's board also includes six independent directors; **Stranghoener; Cindy L. Davis; Philip A. Dur; William J. Harvey; Timothy R. McLevish;** and **Steven H. Wunning**, who collectively bring diverse experience from a range of companies, including Caterpillar, DuPont, Kraft Foods, Mosaic, Nike, Northrop Grumman, Walgreens, and Terex.

About Kennametal

At the forefront of advanced materials innovation for more than 75 years, Kennametal Inc. is a global industrial technology leader delivering productivity to customers through materials science, tooling and wear-resistant solutions. Customers across aerospace, earthworks, energy, general engineering and transportation turn to Kennametal to help them manufacture with precision and efficiency. Every day nearly 12,000 employees are helping customers in more than 60 countries stay competitive. Kennametal generated more than \$2.6 billion in revenues in fiscal 2015. Learn more at www.kennametal.com

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