

Kennametal Inc.

Compensation Committee Charter

Purpose

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Kennametal Inc. (the "Company") is to:

1. Recommend an overall compensation policy for the Company to the Board.
2. Have direct responsibility for matters relating to compensation of the officers and directors of the Company.
3. Advise the Board regarding management succession.
4. Administer certain stock plans of the Company.
5. Produce a report on executive officer compensation for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations.

Committee Membership

The Committee shall be comprised of no fewer than three (3) directors, each of whom shall meet the independence requirements, as and when required, of the New York Stock Exchange and any other applicable regulatory authority in accordance with the Company's Corporate Governance Guidelines. The members of the Committee shall be appointed by the Board on the recommendation of the Nominating/Corporate Governance Committee. Committee members may be replaced by the Board. The Chair of the Committee shall be designated by the Board, or, if it does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

Meetings

The Committee shall meet or hold telephonic meetings as often as it deems appropriate to discharge its responsibilities, but not less frequently than four (4) times each year. The Committee may request any officer or employee of the Company or the Company's outside counsel or other advisor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Duties and Responsibilities

The Committee shall:

Executive Officer and Director Compensation

1. At least annually: (i) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer; (ii) evaluate, in consultation

with the Lead Director and the rest of the non-management directors or the Board generally, as it deems necessary or appropriate, the performance of the Chief Executive Officer in light of such goals and objectives; and (iii) either as a committee or together with the other independent directors (as directed by the Board), determine and approve the compensation of the Chief Executive Officer based on such evaluation.

2. When determining the long-term incentive component of the Chief Executive Officer's compensation, consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years.
3. Review and approve the compensation of the other executive officers of the Company.
4. Review and approve the executive officer employment agreements, including any severance or termination arrangements, and supplemental retirement benefit amounts.
5. Review and recommend to the Board the compensation of the members of the Board, which may include, but is not limited to, retainer fees, committee fees, stock options, benefits and perquisites, as appropriate.

Incentive Compensation and Other Benefit Plans

1. Make recommendations to the Board regarding incentive compensation and equity-based plans.
2. Review and recommend to the Board adoption of any compensation or benefit matters that must be submitted to the shareowners for approval.
3. Review and approve the management performance bonus plans and policies of the Company.
4. Review and approve all incentive compensation and equity-based plans not subject to shareowner approval under the requirements of the New York Stock Exchange.
5. Administer the stock plans of the Company.
6. Administer the deferred compensation plans of the Company.

Other Compensation Matters

1. Oversee the evaluation of management, including a review of the effectiveness of management succession and development plans of the Company. The Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.
2. Review and monitor progress of executive officers against the ownership goals of the Company.
3. Review and monitor to ensure that total compensation actions are in compliance with the letter and spirit of the Executive Compensation Principles of the Company attached as Appendix A and that such Principles are consistent and competitive in design and application.
4. Produce a report on executive officer compensation for inclusion in the Company's annual proxy statement, as required by the rules and regulations of the Securities and Exchange Commission.

Other Functions

The Committee shall:

1. Have the sole discretion to retain and terminate any compensation consulting firm used to assist in the evaluation of director, Chief Executive Officer or executive officer compensation, including the sole authority to approve fee and retention terms.
2. Have the authority to engage independent legal, accounting or other advisors, at the Company's expense, as it deems necessary or appropriate.
3. Perform an annual performance self-evaluation of the Committee, the results of which shall be submitted to the Nominating/Corporate Governance Committee and Board.
4. Report to the Board on a regular basis.
5. Have the authority to delegate any of its duties and responsibilities (or functions) to a subcommittee of the Committee consisting of one or more members, as appropriate.
6. Review and reassess its charter annually and recommend any changes to the Board for approval.

AMENDED AND RESTATED: December 7, 2004

APPENDIX A

EXECUTIVE COMPENSATION PRINCIPLES

Executive and managerial compensation programs at the Company are designed and implemented with certain guiding principles in mind:

- To link the interests of executives and managers to the interests of the shareowners and other potential investors.
- To provide incentives for working toward increasing the market value of the Company's stock and to increase shareowner value through achieving financial and business objectives.
- To provide incentives for strategic vision and decision-making that will promote the longer-term health and viability of the Company.
- To provide incentives for innovation, quality management, responsiveness to customer needs, value-added products and services, and an action-oriented approach to opportunities in the marketplace.
- To attract and retain individuals with the leadership and technical skills required to carry the Company forward into the future, given the belief that the Company's human resources can provide a competitive advantage in the marketplace.