



JLK Reports Fourth Quarter Results

July 26, 2000

LATROBE, Pa., July 26 /PRNewswire/ -- JLK Direct Distribution Inc. (NYSE: JLK) reported net income for the fourth quarter ended June 30, 2000 of \$3.1 million or \$0.13 per share, excluding special charges, compared to \$5.1 million or \$0.21 per share last year. For fiscal 2000, net income was \$17.8 million or \$0.73 per share, excluding special charges, compared to \$20.4 million or \$0.83 per share last year.

Chairman William R. Newlin said, "Obviously we are extremely disappointed with the financial performance for both the quarter and the year. We are developing an action plan to improve performance and get the business back on a growth track. Pending negotiations with Kennametal make it inappropriate for us to comment on these plans. JLK is a good franchise and we are confident that we can fix the problems and improve our performance."

Sales for the quarter were \$127.7 million compared to \$127.8 million last year. Sales for the fiscal year ended June 30, 2000 were \$499.3 million compared to \$518.3 million last year, excluding the divestiture of the Strong Tool Co. steel mill business.

Special charges for the quarter of \$0.8 million or \$0.02 per share, include \$0.6 million in employee separation costs and \$0.2 million of costs related to the evaluation of strategic alternatives.

JLK recently received a proposal from Kennametal Inc. (NYSE: KMT) to acquire the remaining 17% of the outstanding shares of JLK that it does not already own for \$6.70 per share.

To ensure fairness to the minority shareowners, the JLK Board of Directors has appointed a special committee comprised of the independent directors, Irwin L. Elson and Jeffery M. Boetticher. The special committee has engaged investment banker CIBC World Markets to assist in the evaluation of the offer and the negotiation with Kennametal concerning the proposed acquisition of the minority ownership.

JLK sells a broad range of metalworking consumables and related products, including a full line of cutting tools, carbide and other metalworking inserts, abrasives, drills, machine tool accessories and other industrial supplies. The company markets to the needs of the small- and medium-sized customers through its direct marketing catalog and showroom programs and serves medium- and large-sized industrial manufacturers through integrated industrial supply programs and distributor-based direct field sales.

This release contains "forward looking statements" as defined by Section 21E of the Securities Exchange Act of 1934. Actual results may differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the extent that the economic conditions in the United States and, to a lesser extent, Europe are not sustained, risks associated with integrating businesses, demands on management resources and competition. The company undertakes no obligation to publicly release any revisions to forward- looking statements to reflect events or circumstances occurring after the date hereof.

FINANCIAL HIGHLIGHTS

Consolidated financial highlights for JLK Direct Distribution Inc. (NYSE: JLK) for the quarter and year ended June 30, 2000 and 1999 are shown in the following tables (in thousands, except per share amounts).

Consolidated Statements of Income

	Quarter Ended		Year Ended	
	June 30,		June 30,	
Operations:	2000	1999	2000	1999
Net sales	\$127,725	\$127,839	\$499,293	\$531,642
Cost of goods sold	88,345	87,767	340,334	361,717
Gross profit	39,380	40,072	158,959	169,925
Operating expenses (A)	35,637	31,575	130,785	135,393
Operating income	3,743	8,497	28,174	34,532
Interest expense (income) and other	(221)	139	(162)	881
Income before provision for income taxes	3,964	8,358	28,336	33,651

Provision for income taxes	1,366	3,291	10,993	13,291
----------------------------	-------	-------	--------	--------

Net income	\$2,598	\$5,067	\$17,343	\$20,360
------------	---------	---------	----------	----------

Per Share Data:

Diluted earnings per share	\$0.11	\$0.21	\$0.71	\$0.83
----------------------------	--------	--------	--------	--------

Diluted average shares outstanding	24,520	24,511	24,515	24,513
---------------------------------------	--------	--------	--------	--------

(A) For the quarter and year ended June 30, 2000, these amounts include a charge of \$0.6 million for employee separation and \$0.2 million related to the evaluation of strategic alternatives.

SOURCE JLK Direct Distribution Inc.

CONTACT: Mary C. Stanutz, Manager, Investor Relations of JLK Direct Distribution, 724-539-5638