



Kennametal Responds to Declines in Electronics and Industrial Distribution; Expects to Recognize \$15 Million to \$20 Million in Special Charges

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LATROBE, Pa., Nov. 15 /PRNewswire/ -- Kennametal Inc. (NYSE: KMT) today announced that it expects to recognize special charges of \$15 million to \$20 million for the closure of manufacturing locations in response to continued steep declines in the electronics and industrial distribution businesses. Approximately half of the special charges will be cash expenditures. Ongoing annual benefits of \$7 million to \$9 million are expected to be fully realized by the end of fiscal 2002.

The measures will include the closing and consolidation of three plants, and affect approximately 350 employees. The plants include Electronics' facility in Chicago, IL, and Industrial Product Group's Pine Bluff, AR and Monticello, IN locations. These actions are expected to improve the company's competitiveness in these markets and will be substantially completed during the second and third quarters of fiscal 2002.

The company reaffirms previous guidance, noting that given the current economic environment, sales for the second quarter of fiscal 2002 are expected to decline 8 to 15 percent, with diluted earnings per share between \$0.30 and \$0.40, excluding special charges. The timing of economic improvement remains uncertain. Based on current assessments, the company is maintaining its diluted earnings per share forecast for the year of \$2.30 to \$2.60, excluding special charges. Free operating cash flow for the year will remain within the company's targeted range of \$100 million to \$150 million. The company is also performing impairment tests on goodwill under SFAS No. 142, which was adopted on July 1, 2001. The tests will be completed by December 31, 2001, and could result in a non-cash impairment charge.

This release contains "forward-looking statements" as defined by Section 21E of the Securities Exchange Act of 1934, as amended. 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 impact of the terrorist attacks on September 11, 2001 and their aftermath; the extent that global economic conditions deteriorate or do not improve materially in the second half of fiscal 2002; domestic and foreign government spending, budgeting and trade policies; risks associated with integrating and divesting businesses; demands on management resources; risks associated with international markets such as currency exchange rates, and social and political environments; competition; commodity prices; demand for and market acceptance of new and existing products; risks associated with the implementation of restructuring actions and environmental remediation activities; as well as other risks and uncertainties including, but not limited to, those detailed from time to time in the filings of the company with the Securities and Exchange Commission. The company undertakes no obligation to publicly release any revisions to forward-looking statements to reflect events or circumstances occurring after the date hereof.

Kennametal Inc. aspires to be the premier tooling solutions supplier in the world with operational excellence throughout the value chain and best-in-class manufacturing and technology. Kennametal strives to deliver superior shareowner value through top-tier financial performance. The company provides customers a broad range of technologically advanced tools, tooling systems and engineering services aimed at improving customers' manufacturing competitiveness. With approximately 12,000 employees worldwide, the company's fiscal 2001 annual sales were \$1.8 billion, with a third coming from sales outside the United States. Kennametal is a five-time winner of the GM "Supplier of the Year" award and is represented in more than 60 countries. Kennametal operations in Europe are headquartered in Furth, Germany. Kennametal Asia Pacific operations are headquartered in Singapore. For more information, visit the company's web site at www.kennametal.com

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