



Kennametal Announces Estimate of Charge Under New Goodwill Accounting Rule

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LATROBE, Pa., Jan. 17 /PRNewswire-FirstCall/ -- Kennametal Inc. (NYSE: KMT) today announced the conclusion of the primary phase of goodwill impairment tests required by the new SFAS No. 142 "Goodwill and Other Intangible Assets", which was adopted by the company on July 1, 2001. As a result, the company expects to record a non-cash charge of \$230 million to \$260 million in the March 2002 quarter. The charge is specific to the Electronics and Industrial Product Groups businesses, which were acquired in 1997 as part of Greenfield Industries. If the previous accounting rules had remained in effect, no charge would have occurred.

This new accounting standard eliminates amortization of goodwill and certain other intangible assets resulting from business combinations, and prescribes new measurement techniques for evaluating the recoverability of such assets. The final phase of the revaluation, which will narrow the announced range to an actual charge, is expected to be completed during the March 2002 quarter. The charge will be reflected in the income statement as the cumulative effect of the adoption of this new accounting standard.

The company noted the non-cash charge will have no effect on Kennametal's operating performance or cash flow, and management remains committed to maintaining a strong balance sheet.

Additional technical information on the SFAS No. 142 rule is available in a 'Frequently Asked Questions' document available via a link on the homepage of the company's website at www.kennametal.com.

The company also reaffirmed previous guidance, noting that given the current economic environment, performance will be at the low end of the range. As previously stated, sales for the December 2001 quarter are expected to decline 8 to 15 percent, with diluted earnings per share between \$0.30 and \$0.40, excluding special charges.

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 our fiscal 2002 year, 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 plans and environmental remediation, as well as other risks and uncertainties including 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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