



## **Kennametal to Acquire Widia; Acquisition Valued at euro 188 million**

May 6, 2002

LATROBE, Pa., May 6 /PRNewswire-FirstCall/ -- Kennametal Inc. (NYSE: KMT) today announced that it has signed a definitive agreement to purchase the Widia Group in Europe and India from Milacron Inc. (NYSE: MZ) for euro 188 million (approximately \$170 million). The acquisition, which is expected to close in two to three months, remains subject to European regulatory approval and negotiated conditions of closing.

Widia, with approximately \$240 million in sales, is a leading manufacturer and marketer of metalworking tools, engineered products and related services in Europe and India. "Widia is an excellent strategic fit for Kennametal. It is a major supplier to the European and Indian metalworking industries with strong brands, highly respected technology, and a large, loyal customer base. The addition of Widia with its strong market presence will allow us to generate substantial shareowner value over time," said Markos Tambakeras, President and Chief Executive Officer of Kennametal Inc.

Founded in 1925, Widia has an extensive product line of metalworking consumables, and is a recognized leader in milling applications. The company employs approximately 3,400 employees, and operates eight manufacturing facilities in Europe and two in India. Widia's German operations will be merged into a new Kennametal European subsidiary at the closing. Widia sells primarily through direct sales and has sales and service personnel in many European countries.

"The acquisition of Widia demonstrates further Kennametal's commitment to enhancing a leading position in its core metalworking business. While it strengthens further our total global market share, it is primarily a major step in executing our strategy to extend our reach to market leadership positions in Europe and Asia. Furthermore, our ability to achieve our goal of being the best at improving our customers' manufacturing competitiveness will be enhanced with the addition of Widia's strong sales force and compatible organizational culture," Mr. Tambakeras continued.

The company plans to fund the acquisition on a permanent basis as part of a comprehensive refinancing of its capital structure, the key components of which are expected to be the establishment of a new, three-year revolving credit facility, public term debt, and the issuance of \$100-150 million of equity. Sufficient capacity exists under the company's existing bank credit facilities to fund the acquisition should the transaction close prior to completion of one or all of the planned financing transactions. The company believes these financing arrangements are consistent with its commitment to investment grade ratings. The company expects its Corporate Credit Rating to remain rated BBB by Standard & Poor's and its senior unsecured debt to remain rated Ba1 by Moody's, but be revised to BBB- by Fitch. This announcement does not constitute an offer of any securities for sale by the company.

Nick Grasberger, Vice President and Chief Financial Officer added, "We are highly confident that this transaction will meet our financial objectives and deliver increased shareowner value. The acquisition becomes accretive to earnings and margins within twelve to eighteen months, and to return on capital by the end of the second year. We expect to realize meaningful cost synergies in the integration process, as we have done in previous transactions in Europe."

Lehman Brothers Inc. acted as financial advisor and provided a fairness opinion to the Board of Directors of Kennametal for this acquisition.

Kennametal Inc. will host a conference call today at 10:00 a.m., Eastern Time. Access the live or archived conference by visiting the Investor Relations section of Kennametal's corporate web site at <http://www.kennametal.com>.

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 extent that global economic conditions deteriorate or do not improve materially in the second half of calendar 2002, risks associated with integrating and divesting businesses and achieving the expected savings and synergies, material change in capital market conditions required for the assumed financing plan, demands on management resources, risks associated with international markets such as currency exchange rates and social and political environments, competition, labor relations, 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 <http://www.kennametal.com>

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