



Kennametal to Operate U.S. Technology Center

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- * Facility will test, develop new processes for defense industries
- * 50 to several hundred potential new jobs for Westmoreland County
- * U.S. Rep. John P. Murtha (D-12th) secures start-up funding

LATROBE, Pa., Dec. 17 /PRNewswire-FirstCall/ -- U.S. Rep. John P. Murtha (D-12th) and Markos I. Tambakeras, chairman, president and chief executive officer of Kennametal Inc. (NYSE: KMT), said today that a U.S. government- supported technology center to enhance national defense will be constructed on Kennametal's 92-acre world headquarters campus here.

The not-for-profit National Center for Defense Manufacturing and Machining will test and develop advanced machining and manufacturing processes that will help the U.S. maintain its technological superiority in military equipment and weapons systems, said Rep. Murtha (D-12th), who secured start-up funding. The center will also help ensure the availability of low-cost replacement parts for existing military equipment by improving their affordability.

"This center will benefit both taxpayers and our armed forces," Rep. Murtha said. "It will help our military by speeding development of new tools and manufacturing processes that will enable the most efficient and effective machining of the most advanced high-temperature alloys, titaniums, composites and yet-to-be developed materials utilized in U.S. weapons systems. It will benefit taxpayers by improving the affordability of technological advancements that help keep our military strong and our nation safe."

Rep. Murtha secured \$1.5 million in federal funding for the center in the Defense Department's 2003 Fiscal Year budget for the U.S. Army. The defense budget has been approved by Congress and signed by President Bush.

"We are very proud that the U.S. government has recognized Kennametal's innovative and technological leadership by selecting our company as the primary administrator for this vital defense initiative," Tambakeras said. "Kennametal has been providing advanced tooling solutions to the metal-cutting industry for many years, and we look forward to supporting a creative test bed for the development and deployment of next-generation machining technologies and processes in support of our country's critical defense initiatives."

Tambakeras added, "We also thank Rep. Murtha for his tireless efforts in bringing the center to Westmoreland County, enhancing our region's status as a military research and high-tech hub."

Staffing of the defense center will begin in early 2003. Construction of an approximately 30,000-square-foot structure for the center will begin in early 2004 and is expected to be completed by fall 2004. The center may employ up to 50 engineers and researchers within five years of opening and is expected to create additional spinoff jobs in Westmoreland County.

Kennametal will lead a consortium of local and national companies collaborating with aerospace and defense part producers, government laboratories and university researchers to test and develop products and manufacturing processes. Kennametal is considering several locations on campus for the government facility, but has not made a final decision. Kennametal will provide daily administration of the center, said David Arnold, Kennametal vice president and chief technical officer. Kennametal employs almost 700 at its headquarters campus in Latrobe, and it has more than 1,000 workers in Westmoreland County, making it one of the county's largest employers. Kennametal employs 14,500 worldwide and is represented in more than 60 countries.

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 about 14,500 employees worldwide, the company's annual sales approximate \$1.8 billion, with nearly half 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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