



## **Kennametal Announces Acquisition of Extrude Hone Corp.**

January 26, 2005

LATROBE, Pa., Jan. 26 /PRNewswire-FirstCall/ -- Kennametal Inc. (NYSE: KMT) today announced that it has signed a definitive agreement to purchase Extrude Hone Corporation for approximately \$137 million, net of acquired cash and estimated direct acquisition costs. The acquisition, which is expected to close by the end of March, remains subject to customary regulatory approval and negotiated conditions of closing.

Founded in 1951, and headquartered in Irwin, Pennsylvania, Extrude Hone Corp. supplies market-leading engineered component process technology to customers in a variety of industries around the world. Extrude Hone's major manufacturing locations are in the US, Germany, and Ireland. The firm's processes and materials, which focus on component deburring, polishing, and producing controlled radii, are designed to improve the customer's performance in both their manufacturing processes and end products.

"The acquisition of Extrude Hone Corp. is a solid fit with our long term growth plans for Kennametal," commented Executive Vice President and Chief Operating Officer Carlos Cardoso, "as it helps us further address both the advanced materials and highly engineered components segments of our market. These are growth sectors with sophisticated requirements, and they range across many of our traditional end markets including aerospace, defense, automotive, and medical. At the center of our acquisition strategy," Cardoso continued, "is the desire to add products, processes, and services that leverage our core capabilities to deliver increased growth and profitability. Our objective is to increase our customers' competitiveness by offering them complete solutions encompassing new materials, new processes, and end- application expertise. The purchase of Extrude Hone Corp. further strengthens and extends our capabilities to serve customers in the engineered component realm."

The acquisition is expected to be modestly accretive to both earnings and margins beginning in the June quarter of FY05. Kennametal plans to fund the acquisition through existing credit facilities.

This release contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify these forward-looking statements by the fact they use words such as "should," "anticipate," "estimate," "approximate," "expect," "may," "will," "project," "intend," "plan," "believe," and other words of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements are likely to relate to, among other things, our goals, plans and projections regarding our financial position, results of operations, market position and product development, which are based on current expectations that involve inherent risks and uncertainties, including factors that could delay, divert or change any of them in the next several years. Although it is not possible to predict or identify all factors, they may include the following: global economic conditions; future terrorist attacks; epidemics; risks associated with integrating and divesting businesses and achieving the expected savings and synergies; 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; and risks associated with the implementation of restructuring plans and environmental remediation matters. We can give no assurance that any goal or plan set forth in forward- looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

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 14,000 employees worldwide, the company's annual sales approximate \$2.0 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>.

SOURCE Kennametal Inc.

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/CONTACT: Investors, Beth A. Riley, +1-724-539-6141, or Media, Joy Chandler, +1-724-539-4618, both of Kennametal Inc./

/Web site: <http://www.kennametal.com> /  
(KMT)

CO: Kennametal Inc.; Extrude Hone Corporation

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