



## **Kennametal to Acquire Remaining Ownership Interest in Spanish Affiliate**

January 29, 2007

LATROBE, Pa., Jan 29, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Kennametal Inc. (NYSE: KMT) announced today that it has entered into a definitive agreement to acquire the remaining ownership interest in its Spanish affiliate, KENCI, S.A. Closing is planned for early April 2007 and remains subject to customary regulatory approvals and negotiated conditions of closing.

KENCI has served as Kennametal's sales and service affiliate in Spain and Portugal for over 20 years and has consistently delivered strong growth in sales and financial performance. The outstanding capabilities and reputation that KENCI has built up over the years has earned the company a leading market position that continues to expand. Acquiring full ownership of KENCI provides an additional opportunity for Kennametal to further benefit from serving customers in the growing Spanish and Portuguese markets.

Acquisitions in Kennametal's core businesses are conducted according to a disciplined process that is part of the company's management operating system known as the Kennametal Value Business System (KVBS). This acquisition is consistent with Kennametal's growth strategy and with the company's previously stated intentions for the use of cash.

Kennametal Vice President and President Metalworking Solutions and Services Group (MSSG) Ron Keating said, "We have had a great partnership with KENCI over the years and the growth that we have achieved by working together has been very satisfying and rewarding. Given this success and the future potential, we have been increasing our ownership in KENCI over the past ten years, as opportunities arose. We are very pleased to now have the opportunity to acquire full ownership of KENCI. We are also especially pleased that the proven and successful management team of KENCI will remain with the company to lead our business in these important markets to an even brighter future."

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. Forward-looking statements are statements that do not relate strictly to historical or current facts. You can identify 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. These statements are likely to relate to, among other things, our strategy, goals, plans and projections regarding our financial position, results of operations, market position, and product development, all of 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. It is not possible to predict or identify all factors; however, they may include the following: our ability to complete the transaction described above, and to recognize the related synergies and benefits we are expecting; more generally, the impact on our business of global and regional economic conditions; energy costs; risks associated with the availability and costs of raw materials; commodity prices; risks associated with integrating other recent acquisitions, as well as any future acquisitions, and achieving the expected savings and synergies; risks relating to business divestitures; competition; demands on management resources; risks associated with international markets, such as currency exchange rates and social and political environments or instability; future terrorist attacks or acts of war; labor relations; demand for and market acceptance of new and existing products; and risks associated with the implementation of restructuring plans, cost-reduction initiatives 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 provide additional information about many of the specific risks our Company faces in the "Risk Factors" Section of our Annual Report on Form 10-K, as well as our other securities filings. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

Kennametal Inc. (NYSE: KMT) is a leading global supplier of tooling, engineered components and advanced materials consumed in production processes. The company improves customers' competitiveness by providing superior economic returns through the delivery of application knowledge and advanced technology to master the toughest of materials application demands. Companies producing everything from airframes to coal, from medical implants to oil wells and from turbochargers to motorcycle parts recognize Kennametal for extraordinary contributions to their value chains. Customers buy over \$2.3 billion annually of Kennametal products and services -- delivered by our approximately 13,500 talented employees in over 60 countries -- with almost 50 percent of these revenues coming from outside the United States. Visit us at [www.kennametal.com](http://www.kennametal.com). [KMT-G]

SOURCE Kennametal Inc.

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