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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JULY 30, 2003

KENNAMETAL INC.
(Exact name of registrant as specified in its charter)

Commission file number 1-5318

PENNSYLVANIA	25-0900168
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

WORLD HEADQUARTERS
1600 TECHNOLOGY WAY
P.O. BOX 231
LATROBE, PENNSYLVANIA 15650-0231
(Address of registrant's principal executive offices)

Registrant's telephone number, including area code: (724) 539-5000

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ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 30, 2003, Kennametal Inc. ("Kennametal") issued a press release announcing financial results for its fourth quarter and fiscal year ended June 30, 2003.

The press release contains non-GAAP (generally accepted accounting principles) financial measures, including gross profit, operating expense, operating income, net income (loss) and diluted EPS in each case excluding special items. The special items include: restructuring charges, Widia integration costs electronics and goodwill impairment. Kennametal management excludes these items in measuring and compensating internal performance to better understand underlying operations. We believe investors should have available the same information that management uses to measure and compensate performance. Kennametal management believes that presentation of these non-GAAP financial measures provides useful information into the results of operations of the company for the current, past and future periods.

Kennametal also presents free operating cash flow in the press release. Free operating cash flow is a non-GAAP presentation and is defined as cash provided by continuing operations (in accordance with GAAP) less capital expenditures and proceeds from asset disposals. Free operating cash flow is considered to be an important indicator of Kennametal's ability to generate liquidity because it better represents cash generated from operations that can be used for strategic initiatives, dividends or debt repayment.

Additionally, during our quarterly teleconference we may use various non-GAAP financial measures to describe the underlying operating results. Accordingly, we have compiled below certain reconciliations as required by Regulation G.

Primary working capital
- -----------------------
Primary working capital is a non-GAAP presentation and is defined as accounts receivable, net of allowance for doubtful accounts, plus inventories minus accounts payable. The most directly comparable GAAP number is working capital which is defined as current assets less current liabilities. We believe primary working capital better represents Kennametal's performance in managing certain assets and liabilities controllable at the business unit level and is used as such for internal performance measurement.

EBIT
- ----
EBIT is an acronym for Earnings Before Interest and Taxes and is not a calculation in accordance with GAAP. However, we believe that EBIT is widely used as a measure of operating performance and we believe EBIT to be an important indicator of the Company's operational strength and performance. Nevertheless, the measure should not be considered in isolation or as a substitute for operating income, cash flows from operating activities or any other measure for determining liquidity that is calculated in accordance with GAAP.

Adjusted sales
- --------------
Kennametal adjusted sales as reported under GAAP for specific items including acquisitions and foreign currency translation. Management believes that adjusting the sales as reported under GAAP provides additional insight into the underlying operations. Management uses this information in reviewing operating performance and in the determination of compensation.

Adjusted Gross Profit
- ---------------------
Kennametal adjusted gross profit as recorded under GAAP for specific items including Widia integration and restructuring charges. Management believes that the adjusted gross profit information is an important indicator of the Company's underlying operating performance.

Operating expense reconciliation:
- --------------------------------
Kennametal adjusted operating expense as reported under GAAP for Widia Integration, Restructuring charges, Widia operating expense, foreign exchange and decreased pension income. Management believes that the adjusted operating expense provides additional insight into the underlying operations. Management uses this information in reviewing operating performance and in the determination of compensation.

Debt-to-Capital:
- ----------------
Debt to equity in accordance with GAAP is defined as total debt divided by Stockholder's Equity and total debt. Debt to equity is defined by Kennametal as total current and long term debt divided by total Shareowner's equity plus minority interest plus total debt. Kennametal adjusted its debt to equity percentage for the additional minimum pension charge and electronics impairment that is recorded in equity. Management believes that the adjustment provides additional insight into the underlying capital structuring and performance of the company.

FINANCIAL HIGHLIGHTS

RECONCILIATION TO GAAP PRIMARY WORKING CAPITAL (UNAUDITED)

	June 30, 2003	June 30, 2002
Current assets	$ 764,679	$ 637,384
Current liabilities	336,347	262,100
Working capital in accordance with GAAP	428,332	375,284
Excluded items:		
Cash and cash equivalents	(15,093)	(10,385)
Deferred income taxes	(79,564)	(71,375)
Other current assets	(42,119)	(31,447)
Total excluded current assets	$(136,776)	$(113,207)
Adjusted current assets	627,903	524,177
Short-term debt	(10,845)	(23,480)
Accrued liabilities	(205,649)	(137,034)
Total excluded current liabilities	$(216,494)	$(160,514)
Adjusted current liabilities	119,853	101,586
Primary working capital	$ 508,050	$ 422,591

SUPPLEMENTAL INFORMATION AND RECONCILIATIONS

KENNAMETAL INC. EBIT RECONCILIATION (UNAUDITED)

	Quarter Ended June 30, 2003	Quarter Ended June 30, 2002	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2002
Operating income, as reported	$ 5,875	$ 30,834	$ 67,925	$ 91,317
As % of sales	1.3%	7.7%	3.9%	5.8%
Adjusted other (income)(1)	(1,981)	(145)	(1,608)	(1,321)
EBIT	7,856	30,979	69,533	92,638
Adjustments:				
Restructuring	4,195	5,025	15,844	30,045
Electronics impairment	16,110	-	16,110	-
Strong Tool divestiture	-	3,522	-	3,522
Widia integration	3,681	144	7,685	144
EBIT, excluding special charges	$ 31,842	$ 39,670	$ 109,172	$ 126,349
As % of sales	6.9%	9.8%	6.2%	8.0%

	Quarter Ended June 30, 2003	Quarter Ended June 30, 2002	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2002
(1) Other (income), as reported	$ (2,117)	$ (182)	$ (2,531)	$ (361)
Minus Interest income	(549)	(570)	(2,815)	(1,531)
Plus Securitization fees	413	533	1,892	2,491
Adjusted other (income)	$ (1,981)	$ (145)	$ (1,608)	$ (1,321)

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FINANCIAL HIGHLIGHTS (CONTINUED)

MSSG SEGMENT (UNAUDITED):

	Quarter Ended June 30, 2003	Quarter Ended June 30, 2002	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2002
Sales, as reported	$ 299,032	$ 231,151	$ 1,123,175	$ 897,157
Widia sales	(43,038)	-	(162,427)	-
Foreign currency exchange	(23,694)	-	(57,311)	-
Adjusted sales	$ 232,300	$ 231,151	$ 903,437	$ 897,157

MSSG EBIT (UNAUDITED):

	Quarter Ended June 30, 2003	Quarter Ended June 30, 2002	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2002
MSSG Operating income, as reported	$ 24,139	$ 29,243	$ 90,627	$ 97,323
As % of sales	8.1%	12.7%	8.1%	10.8%
Other income	3,073	2,020	3,619	4,539
EBIT	27,212	31,263	94,246	101,862
Adjustments:				
MSSG restructuring	3,134	2,104	9,060	10,245
Widia integration	2,511	-	6,493	-
EBIT, excluding special charges	$ 32,857	$ 33,367	$109,799	$112,107
As % of sales	11.0%	14.4%	9.8%	12.5%

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FINANCIAL HIGHLIGHTS (CONTINUED)

AMSG SEGMENT (UNAUDITED):

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
Sales, as reported	$ 88,185	$ 80,170	$ 319,223	$ 307,668
Widia acquisition	(1,438)	-	(1,438)	-
Carmet acquisition	-	-	(4,851)	-
Foreign currency exchange	(4,184)	-	(9,521)	-
Adjusted sales	$ 82,563	$ 80,170	$ 303,413	$ 307,668

AMSG EBIT (UNAUDITED):

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
AMSG Operating income (expense), as reported	$ (7,805)	$ 10,082	$ 17,348	$ 26,781
As % of sales	-8.9%	12.6%	5.4%	8.7%
Other income (expense)	111	1,139	(30)	847
EBIT	(7,694)	11,221	17,318	27,628
Adjustments:				
AMSG restructuring	1,224	1,424	4,406	7,997
Electronics impairment	16,110	-	16,110	-
Widia integration	1,170	-	1,192	-
EBIT, excluding special charges	$ 10,810	$ 12,645	$ 39,026	$ 35,625
As % of sales	12.3%	15.8%	12.2%	11.6%

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FINANCIAL HIGHLIGHTS (CONTINUED)

J&L SEGMENT (UNAUDITED):

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
Sales, as reported	$ 48,158	$ 52,013	$ 196,170	$ 226,010
Strong Tool sales	-	(1,651)	-	(25,860)
Foreign currency exchange	(546)	-	(1,982)	-
Adjusted sales	$ 47,612	$ 50,362	$ 194,188	$ 200,150

J&L EBIT (UNAUDITED):

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
J&L Operating income, as reported	$ 931	$ 1,044	$ 6,140	$ (681)
As % of sales	1.9%	2.0%	3.1%	0.3%
Other (expense)	(3)	(3,487)	(58)	(3,370)
EBIT	928	(2,443)	6,082	(4,051)
Adjustments:				
Loss on sale of strong tool		3,522	--	3,522
J&L restructuring	(64)	247	1,203	10,093
EBIT, excluding special charges	$ 864	$ 1,326	$ 7,285	$ 9,564
As % of sales	1.8%	2.5%	3.7%	4.2%

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FINANCIAL HIGHLIGHTS (CONTINUED)

FSS SEGMENT (UNAUDITED):

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
Sales, as reported	$ 28,390	$ 39,564	$ 120,389	$ 152,907
Foreign currency exchange	(47)	-	(68)	-
Adjusted sales	$ 28,343	$ 39,564	$ 120,321	$ 152,907

FSS EBIT (UNAUDITED):

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
FSS Operating income, as reported	$ 264	$ 215	$ (56)	$ 2,014
As % of sales	0.9%	0.5%	0.0%	1.3%
Other (expense) income	-	(100)	58	(163)
EBIT	264	115	2	1,851
Adjustments:				
FSS restructuring	-	335	38	635
EBIT, excluding special charges	$ 264	$ 450	$ 40	$ 2,486
As % of sales	0.9%	1.1%	0.0%	1.6%

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SUPPLEMENTAL INFORMATION AND RECONCILIATIONS

RECONCILIATION TO GAAP - GROSS PROFIT (UNAUDITED)

	QUARTER ENDED JUNE 30,		QUARTER ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	2003	AS A % OF SALES	2002	AS A % OF SALES	2003	AS A % OF SALES	2002	AS A % OF SALES
Gross Profit	$148,791	32.1%	$136,873	34.0%	$568,904	32.3%	$510,824	32.3%
Widia integration and restructuring charges	2,011	0.4%	357	0.1%	2,209	0.2%	2,727	0.1%
Gross Profit, excluding special items	$150,802	32.5%	$137,230	34.1%	$571,113	32.5%	$513,551	32.4%

OPERATING EXPENSE RECONCILIATION: (UNAUDITED)

	Quarter ended June 30, 2003	Quarter ended June 30, 2002
Operating expense, as reported	121,757	100,685
Integration costs	(1,670)	(155)
Operating expense, excluding special items	120,087	100,530
Less:		
Widia operating expense	12,000	-
Unfavorable foreign exchange	7,947	-
Decrease in pension income	1,591	-
Operating expense, excluding special items and Widia expense, foreign exchange and decreased pension income	98,549	100,530

DEBT TO EQUITY RECONCILIATION (UNAUDITED):	June 30, 2003
In accordance with GAAP	41.2%
Less: Adjustments	(0.6%)
Adjusted debt to capital	41.5%
Electronics impairment	(0.5%)
Excluding minimum pension adjustments	(1.1%)
Adjusted Debt to Equity net of pension	39.9%

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Exhibit Index

Exhibit	Description
99.1	Press Release dated July 30, 2003. Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KENNAMETAL INC.

Date: July 30, 2003

By: /s/ TIMOTHY A. HIBBARD

Timothy A. Hibbard
Corporate Controller and
Chief Accounting Officer

Exhibit 99.1

[KENNAMETAL INC. LOGO]

FROM: KENNAMETAL INC.
P.O. Box 231
Latrobe, PA 15650

Investor Relations
724-539-6141
Contact: Beth A. Riley

Media Relations
724-539-4662
Contact: Riz Chand

DATE: July 30, 2003

FOR RELEASE: Immediate

KENNAMETAL REPORTS FOURTH QUARTER EARNINGS

- Sales up 15% on acquisitions
- Reported loss per diluted share of $0.14, per guidance
- Another strong quarter of cash flow

LATROBE, Pa., July 30, 2003 - Kennametal Inc. (NYSE: KMT) today reported a fiscal 2003 fourth quarter loss of $0.14 per diluted share compared with earnings of $0.48 per diluted share last year. Excluding special items in each period, diluted earnings per share were $0.45 for the quarter, at the high end of guidance, against last year's earnings per share of $0.67. Sales of $463.8 million were 15 percent above prior year, driven by the Widia acquisition. Free operating cash flow was $55 million versus $43 million in fiscal 2002.

Earnings Per Share Excluding Special Items

Company Guidance (07/09/03)	$0.43 to $0.45
Analyst Estimate Range (07/29/03)	$0.38 to $0.44
Earnings, Excluding Special Items	$0.45

For the total fiscal year, diluted earnings per share were $0.51, compared against last year's loss per share of $6.70. Excluding special items in each period, diluted earnings per share were $1.41 against last year's earnings per share of $1.95. The prior year included a non-cash impairment charge associated with the adoption of SFAS No. 142 "Goodwill and Other Intangible Assets". Sales of $1,759 million grew 11 percent, and free operating cash flow was $136 million.

Kennametal Chairman, President and Chief Executive Officer, Markos I. Tambakeras, said, "We are pleased to deliver a credible performance in fiscal 2003, in the context of a manufacturing recession that persisted in North America, for the third year, and deepened in Europe. Our continuing disciplined management of the business strengthened the foundation that will enhance our operating leverage as global manufacturing economies improve."

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Tambakeras continued, "We substantially improved our competitiveness across all fronts. The delivery of another strong year of free operating cash flow, in excess of $130 million despite $25 million spent on the Widia integration, was particularly gratifying. Product innovation was unabated, and we confirmed our technological leadership by attaining our target of 40 percent of sales from new products. At the same time, we delivered against very aggressive objectives for the Widia acquisition. In the face of a sustained manufacturing recession, I remain particularly impressed by the resilience and resourcefulness of our employees. "

Tambakeras further noted that Institutional Shareholder Services (ISS) recently reviewed and rated Kennametal's corporate governance profile and, according to ISS, Kennametal outperformed 96% of the companies in the S&P 400 and 98% of the companies in the Capital Goods group.

HIGHLIGHTS

FOURTH QUARTER - FY03

- Sales of $463.8 million were 15 percent above last year's $402.9 million. Sales growth was driven by a 13 percent positive benefit from acquisitions.

- Reported net loss was $4.9 million against net income of $15.4 million in the same quarter last year. Excluding special items, net income was $15.9 million for the quarter; a 26 percent decrease compared to net income of $21.4 million last year including the impact of Widia dilution and reduced pension income.

- The current quarter included net special charges of $20.8 million, or $0.59 per diluted share, primarily associated with the previously announced Widia integration efforts and Electronics' impairment charge. Prior-year results included net special charges of $6.1 million, or $0.19 per diluted share, associated with the completion of previously announced restructurings and the divestiture of Strong Tool.

- Decreased pension income reduced earnings per diluted share by $0.05 for the quarter versus the prior year. Pretax income for the quarter was reduced by $2.6 million (non-cash) compared to the same period in fiscal 2002 due to the effect of a decrease in the expected rate of return on Kennametal's pension fund assets, coupled with lower discount rates related to pension liabilities.

- At year-end, Kennametal's pension plan had an unfunded obligation of $3.7 million that resulted in a $35.2 million charge, net of tax, to equity under SFAS No. 87. The company is adequately funded from an ERISA perspective, and still does not anticipate any cash funding requirements during fiscal 2004.

- Free operating cash flow remained strong at $55.0 million, versus $43.5 million in the same period last year.

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- - Total debt was $526 million, up $114 million from June 2002, but down $91 million from the closing of the Widia acquisition in the September quarter.

FISCAL 2003 VERSUS 2002
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- - Sales for the 12 months ending June 30, 2003 of $1,759 million grew 11 percent. Net acquisitions and divestitures contributed growth of 11 percent.

- - Reported net income was $18.1 million against a net loss of $211.9 million in the prior year. Excluding special items, net income was $49.9 million, a decrease of 19 percent compared to $61.6 million last year.

- - Special charges of $31.7 million, or $0.90 per share, were included in the year's results related primarily to the Widia integration and the previously announced Electronics' impairment charge. Prior-year results included special charges of $273.5 million, or $8.65 per share, related primarily to the SFAS No. 142 impairment charge of $250.4 million. A chart detailing special charges for both years is attached.

- - Free operating cash flow remained strong at $136 million, versus $131 million for the prior year.

OUTLOOK
- -------
Global economic signals remain mixed at the beginning of the current quarter. The sustainability of the modest sales improvement in June is unclear, as near-term visibility remains limited. However, the macroeconomic outlook beyond the next three to six months is cautiously more positive, and continues to suggest that a North American recovery will precede any improvement in Europe.

Tambakeras said, "In fiscal 2004, we expect to accelerate the realization of benefits from our efforts. As projected, the Widia acquisition is anticipated to become accretive to earnings in the first quarter. Our competitive repositioning of the company will gain traction even with a modest market improvement."

Sales for the first quarter of fiscal 2004 are expected to grow 9 to 11 percent year-over-year. Reported diluted earnings per share are expected to be $0.20 to $0.27 per share. This includes an estimate for special charges associated with the completion of the Widia integration of approximately $0.08 to $0.10 per share, consistent with previously announced integration assumption. Excluding these charges, diluted earnings per share are forecasted to range from $0.30 to $0.35 per share.

For the full year, sales are expected to grow 4 to 6 percent year-over-year. Reported diluted earnings per share are expected to be $1.70 to $2.10 per share. This includes an estimate for special charges associated with the completion of the Widia integration approximately $0.10 to $0.20 per share. Excluding these charges, diluted earnings per share are forecasted to range from $1.90 to $2.20 per share. The earnings forecast includes $0.15 to $0.20 of accretion from Widia, better than the $0.10 to $0.15 per share originally estimated. An incremental increase in pension expense is lowering diluted EPS for the fiscal year by approximately $0.30 per share. In addition, combining information obtained from the valuation of acquired Widia assets with further review and analysis, management has determined that the current useful lives of Kennametal's assets should be extended to more appropriately match the life of those assets. The resulting depreciation expense reduction is expected to be approximately $0.30.

Kennametal expects to generate between $100 and $125 million of free operating cash flow for the year.

Kennametal advises shareholders to note monthly order trends, for which the company makes a disclosure ten business days after the conclusion of each month. This information is available on the Investor Relations section of Kennametal's corporate web site at www.kennametal.com.

DIVIDEND DECLARED

Kennametal also announced its Board of Directors declared a quarterly cash dividend of $0.17 cents per share, payable August 25, 2003, to shareowners of record as of the close of business August 8, 2003.

Fourth quarter results will be discussed in a live Internet broadcast at 10:00 a.m. today. Access the live or archived conference by visiting the Investor Relations section of Kennametal's corporate web site at www.kennametal.com.

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 others 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

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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 $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 www.kennametal.com.

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FINANCIAL HIGHLIGHTS

Consolidated financial highlights for Kennametal Inc. (NYSE: KMT) for the quarters and twelve-month periods ended June 30, 2003 and 2002 are shown in the following tables (in thousands, except per share amounts).

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	QUARTER ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Net sales	$ 463,765	$ 402,898	$ 1,758,957	$ 1,583,742
Cost of goods sold(1)	314,974	266,025	1,190,053	1,072,918
Gross profit	148,791	136,873	568,904	510,824
Operating expense(2)	121,757	100,685	464,861	389,396
Restructuring and asset impairment charges(3)	20,305	4,657	31,954	27,307
Amortization of intangibles	854	697	4,164	2,804
Operating income	5,875	30,834	67,925	91,317
Interest expense(4)	9,108	7,551	36,166	32,627
Other (income), net(5)	(2,117)	(182)	(2,531)	(361)
(Loss) Income before provision for income taxes and minority interest	(1,116)	23,465	34,290	59,051
Provision for income taxes(6)	3,678	7,513	14,300	18,900
Minority interest	74	582	1,860	1,653
(Loss) Income before cumulative effect of change in accounting principle	(4,868)	15,370	18,130	38,498
Cumulative effect of change in accounting principle, net of tax(7)	-	-	-	(250,406)
Net (loss) income	$ (4,868)	$ 15,370	$ 18,130	$ (211,908)
Diluted (loss) earnings per share	$ (0.14)	$ 0.48	$ 0.51	$ (6.70)
Dividends per share	$ 0.17	$ 0.17	$ 0.68	$ 0.68
Basic weighted average share outstanding	35,396	31,673	35,202	31,169
Diluted weighted average shares outstanding	35,682	32,159	35,479	31,627

(1) For the quarter and twelve months ended June 30, 2003, these amounts include charges of $2.0 million and $2.2 million, respectively, for integration activities related to the Widia acquisition.

(2) For the quarter and twelve months ended June 30, 2003, these amounts include charges of $1.7 million and $5.5 million, respectively, for integration activities related to the Widia acquisition.

(3) For the quarter and twelve months ended June 30, 2003, these amounts include a non-cash charge of $16.1 million for impairment of long-lived assets within the Electronics business.

(4) For the quarter and twelve months ended June 30, 2003, these amounts include $0.5 million for recognition of a portion of deferred financing fees due to the company reducing its borrowing capacity under its U.S. credit facility. For the quarter and twelve months ended June 30, 2002, these amounts include $0.3 million related to recognition of the remaining unamortized balance of deferred financing fees from the company's U.S. credit facilities that were replaced with a new 3-year facility.

(5) For the quarters ended June 30, 2003 and 2002, these amounts include charges of $0.4 million and $0.5 million, respectively, for fees incurred in connection with the company's accounts receivable securitization program. For the twelve months ended June 30, 2003 and 2002, these amounts include similar charges of $1.9 million and $2.5 million, respectively. For the quarter and twelve months ended June 30, 2002, these amounts include a charge of $3.5 million related to the divestiture of Strong Tool Company.

(6) For the quarter and twelve months ended June 30, 2003, the effective tax rate was (329.6%) and 41.7%, respectively. These amounts reflect that a portion of the Electronics impairment could not be tax effected, otherwise, the tax rate for the quarter and twelve month period would have been 30%.

(7) For the twelve months ended June 30, 2002, this amount represents a non-cash charge for the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

FINANCIAL HIGHLIGHTS (CONTINUED)

In addition to reported results under U.S. GAAP for the fiscal periods, the following financial highlight tables also include, where appropriate, a reconciliation of results excluding special items and free operating cash flow (which are non-GAAP measures), to the most directly comparable GAAP measures.

RECONCILIATION TO GAAP - QUARTER ENDED JUNE 30 (UNAUDITED)

	Gross Profit	Operating Expense	Operating Income/ (Loss)	Net (Loss)/ Income	Diluted (Loss)/ Earnings Per Share
2003 Reported Results	$ 148,791	$ 121,757	$ 5,875	$ (4,868)	$ (0.14)
MSSG Restructuring	-	-	3,134	2,194	0.06
AMSG Restructuring	-	-	1,224	857	0.02
AMSG Electronics impairment	-	-	16,110	15,269	0.43
Corporate Restructuring	-	-	(99)	(69)	-
Widia Integration Costs - MSSG	1,146	(1,365)	2,511	1,758	0.06
Widia Integration Costs - AMSG	865	(305)	1,170	818	0.02
J&L Restructuring	-	-	(64)	(45)	-
2003 Results Excluding Special Items	$ 150,802	$ 120,087	$ 29,861	$ 15,914	$ 0.45
2002 Reported Results	$ 136,873	$ 100,685	$ 30,834	$ 15,370	$ 0.48
MSSG Restructuring	384	-	2,104	1,423	0.04
AMSG Restructuring	350	(11)	1,424	960	0.03
Corporate Restructuring	-	-	915	621	0.02
Widia Integration Costs - Corporate	-	(144)	144	98	-
Deferred Financing Fees	-	-	-	184	0.01
J&L Restructuring	(377)	-	247	168	0.01
FSS Restructuring	-	-	335	226	0.01
J&L Strong Tool Divestiture	-	-	-	2,390	0.07
2002 Results Excluding Special Items	$ 137,230	$ 100,530	$ 36,003	$ 21,440	$ 0.67

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FINANCIAL HIGHLIGHTS (CONTINUED)

TWELVE MONTHS ENDED JUNE 30 (UNAUDITED)

	Gross Profit	Operating Expense	Operating Income	Net Income/ (Loss)	Diluted Earnings/ (Loss) Per Share
2003 Reported Results	$ 568,904	$ 464,861	$ 67,925	$ 18,130	$ 0.51
MSSG Restructuring	-	-	9,060	6,342	0.18
AMSG Restructuring	-	-	4,406	3,084	0.09
AMSG Electronics impairment	-	-	16,110	15,269	0.43
Corporate Restructuring	-	-	1,137	796	0.02
Widia Integration Costs - MSSG	1,344	(5,149)	6,493	4,545	0.14
Widia Integration Costs - AMSG	865	(327)	1,192	834	0.02
J&L Restructuring	-	-	1,203	843	0.02
FSS Restructuring	-	-	38	26	-
2003 Results Excluding Special Items	$ 571,113	$ 459,385	$ 107,564	$ 49,869	$ 1.41
2002 Reported Results	$ 510,824	$ 389,396	$ 91,317	$ (211,908)	$ (6.70)
MSSG Restructuring	544	-	10,245	6,958	0.22
AMSG Restructuring	1,654	(11)	7,997	5,430	0.17
Corporate Restructuring	-	-	1,075	730	0.02
MSSG (Adoption of SFAS 142)	-	-	-	168,314	5.32
AMSG (Adoption of SFAS 142)	-	-	-	82,092	2.60
Widia Integration Costs - Corporate	-	(144)	144	98	-
Deferred Financing Fees	-	-	-	184	0.01
J&L Restructuring	529	-	10,093	6,863	0.22
FSS Restructuring	-	-	635	430	0.01
J&L Strong Tool Divestiture	-	-	-	2,390	0.08
2002 Results Excluding Special Items	$ 513,551	$ 389,241	$ 121,506	$ 61,581	$ 1.95

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FINANCIAL HIGHLIGHTS (CONTINUED)

SEGMENT DATA (UNAUDITED):

	Quarter Ended June 30, 2003	Quarter Ended June 30, 2002	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2002
Sales:				
Metalworking Solutions and Services Group	$ 299,032	$ 231,151	$ 1,123,175	$ 897,157
Advanced Materials Solutions Group	88,185	80,170	319,223	307,668
J&L Industrial Supply	48,158	52,013	196,170	226,010
Full Service Supply	28,390	39,564	120,389	152,907
Total Sales	$ 463,765	$ 402,898	$ 1,758,957	$ 1,583,742
Sales By Geographic Region:				
Within the United States	$ 238,323	$ 257,709	$ 946,518	$ 1,019,849
International	225,442	145,189	812,439	563,893
Total Sales	$ 463,765	$ 402,898	$ 1,758,957	$ 1,583,742
Operating Income (Loss), as reported:				
Metalworking Solutions and Services Group	$ 24,139	$ 29,243	$ 90,627	$ 97,323
Advanced Materials Solutions Group	(7,805)	10,082	17,348	26,781
J&L Industrial Supply	931	1,044	6,140	(681)
Full Service Supply	264	215	(56)	2,014
Corporate and Eliminations	(11,654)	(9,750)	(46,134)	(34,120)
Total Operating Income	$ 5,875	$ 30,834	$ 67,925	$ 91,317
Operating Income (Loss), excluding special charges:				
Metalworking Solutions and Services Group	$ 29,784	$ 31,347	$ 106,180	$ 107,568
Advanced Materials Solutions Group	10,699	11,506	39,056	34,778
J&L Industrial Supply	867	1,290	7,343	9,412
Full Service Supply	264	550	(18)	2,649
Corporate and Eliminations	(11,753)	(8,690)	(44,997)	(32,901)
Total Operating Income	$ 29,861	$ 36,003	$ 107,564	$ 121,506

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FINANCIAL HIGHLIGHTS (CONTINUED)

OPERATING INCOME RECONCILIATION (UNAUDITED):

	MSSG	AMSG	J&L	FSS	Corp & Elim.	Total
2003 Reported Operating Income (Loss)	$ 24,139	$ (7,805)	$ 931	$ 264	$(11,654)	$ 5,875
Restructuring	3,134	1,224	(64)	-	(99)	4,195
Widia Integration Costs	2,511	1,170	-	-	-	3,681
Electronics Impairment	-	16,110	-	-	-	16,110
2003 Operating Income (Loss) Excluding Special Charges	$ 29,784	$ 10,699	$ 867	$ 264	$(11,753)	$ 29,861
2002 Reported Operating Income (Loss)	$ 29,243	$ 10,082	$ 1,044	$ 215	$ (9,750)	$ 30,834
Restructuring	2,104	1,424	246	335	916	5,025
Widia Integration Costs	-	-	-	-	144	144
2002 Operating Income (Loss) Excluding Special Charges	$ 31,347	$ 11,506	$ 1,290	$ 550	$ (8,690)	$ 36,003

TWELVE MONTHS ENDED JUNE 30,

	MSSG	AMSG	J&L	FSS	Corp & Elim.	Total
2003 Reported Operating Income (Loss)	$ 90,627	$ 17,348	$ 6,140	$ (56)	$(46,134)	$ 67,925
Restructuring	9,060	4,406	1,203	38	1,137	15,844
Widia Integration Costs	6,493	1,192	-	-	-	7,685
Electronics Impairment	-	16,110	-	-	-	16,110
2003 Operating Income (Loss) Excluding Special Charges	$106,180	$ 39,056	$ 7,343	$ (18)	$(44,997)	$107,564
2002 Reported Operating Income (Loss)	$ 97,323	$ 26,781	$ (681)	$ 2,014	$(34,120)	$ 91,317
Restructuring	10,245	7,997	10,093	635	1,075	30,045
Widia Integration Costs	-	-	-	-	144	144
2002 Operating Income (Loss) Excluding Special Charges	$107,568	$ 34,778	$ 9,412	$ 2,649	$(32,901)	$121,506

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FINANCIAL HIGHLIGHTS (CONTINUED)

RECONCILIATION TO GAAP CASH FLOW INFORMATION (UNAUDITED)

	Quarter Ended June 30,		Twelve Months Ended June 30,	
	2003	2002	2003	2002
Net income	$ (4,868)	$ 15,370	$ 18,130	$(211,908)
Adoption of SFAS 142	-	-	-	250,406
Electronics impairment	16,110	-	16,110	-
Other non-cash items	11,796	8,468	21,126	26,144
Depreciation and amortization	22,224	18,392	84,043	73,629
Change in primary working capital	30,897	16,366	48,825	60,362
Change in other assets and liabilities	(8,125)	(6,535)	(4,766)	(34,548)
Net cash flow provided by operating activities	68,034	52,061	183,468	164,085
Purchase of property, plant and equipment	(13,447)	(13,691)	(49,413)	(44,040)
Proceeds from disposals of property, plant and equipment	371	5,106	1,875	10,905

CONDENSED BALANCE SHEETS (UNAUDITED)

	Quarter Ended				
	06/30/03	03/31/03	12/31/02	09/30/02	06/30/02
ASSETS					
Cash and equivalents	$ 15,093	$ 17,250	$ 18,155	$ 14,300	$ 10,385
Accounts receivable, net of allowance	235,648	235,908	199,261	221,313	179,101
Inventories	392,255	408,996	403,530	403,590	345,076
Deferred income taxes	79,564	81,651	80,204	71,084	71,375
Other current assets	42,119	44,286	53,868	40,110	31,447
TOTAL CURRENT ASSETS	764,679	788,091	755,018	750,397	637,384
Property, plant and equipment, net	493,373	476,208	480,066	480,696	435,116
Goodwill and Intangible assets, net	473,932	491,987	478,060	467,140	367,992
Other assets	47,108	107,159	104,937	109,225	83,119
TOTAL	$ 1,779,092	$ 1,863,445	$ 1,818,081	$ 1,807,458	$ 1,523,611
LIABILITIES					
Short-term debt	$ 10,845	$ 15,068	$ 17,591	$ 16,992	$ 23,480
Accounts payable	119,853	120,981	92,114	101,823	101,586
Accrued liabilities	205,649	208,816	171,726	171,045	137,034
TOTAL CURRENT LIABILITIES	336,347	344,865	281,431	289,860	262,100
Long-term debt	514,842	565,067	599,425	599,615	387,887
Deferred income taxes	8,660	38,382	46,801	53,475	52,570
Other liabilities	178,453	140,550	135,101	125,816	96,421
TOTAL LIABILITIES	1,038,302	1,088,864	1,062,758	1,068,766	798,978
MINORITY INTEREST	18,880	18,070	17,594	17,685	10,671
SHAREOWNERS' EQUITY	721,910	756,511	737,729	721,007	713,962
TOTAL	$ 1,779,092	$ 1,863,445	$ 1,818,081	$ 1,807,458	$ 1,523,611

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RECONCILIATION OF FORECASTED GAAP CASH FLOW INFORMATION (UNAUDITED)

	TWELVE MONTHS ENDED JUNE 30, 2004
Forecasted net cash flow provided by operating activities	\$170,000 - \$195,000
Forecasted purchases and disposals of property, plant and equipment	(70,000)
Forecasted free operating cash flow	\$100,000 - \$125,000

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