



## Kadant Expands Stock-Preparation Business in China

June 6, 2006

ACTON, Mass.--(BUSINESS WIRE)--June 6, 2006--Kadant Inc. (NYSE:KAI) announced today that its Kadant Light Machinery (Jining) Co., Ltd. subsidiary in China has acquired, and assumed operating responsibility for, the business of Jining Huayi Light Industry Machinery Co., Ltd. ("Huayi"). Huayi is a manufacturer of stock-preparation systems in China, and is located in the city of Jining in the Shandong Province.

On May 31, 2006, Kadant entered into a business transfer agreement with the sellers to commence the closing process for acquiring the Huayi assets. By June 2, 2006, Kadant had acquired the machinery, equipment, inventory, and related assets, and had assumed operating responsibility of the business. The acquisition of certain land-use rights and buildings will be completed upon the receipt of various government filings and registrations. The total purchase price for the acquisition, including the remaining assets to be acquired, will be approximately \$20 million. The closing process is expected to be completed by the end of the second quarter.

The acquisition will be funded with approximately \$10 million in borrowings in China, through a financing agreement with the Bank of China Ltd., and approximately \$10 million in cash.

"This acquisition strengthens Kadant's position as the leading supplier of stock-preparation systems in China," said William A. Rainville, chairman and chief executive officer. "It will allow us to deliver our stock-prep systems and aftermarket products to customers there more effectively, supply parts and components to North America and Europe, and extend our customer base to include more small-to-midsize mills. The acquisition is an important part of our overall strategy to expand our business throughout Asia - in all our product lines."

Kadant Inc. is a leading supplier to the global pulp and paper industry, with a range of products and services for improving efficiency and quality in pulp and paper production, including paper machine accessories, and systems for stock preparation, fluid handling, and water management. Our fluid-handling products are also used to optimize production in the steel, rubber, plastics, food, and textile industries. In addition, we produce granules from papermaking byproducts for agricultural and lawn and garden applications. Kadant is based in Acton, Massachusetts, with revenues of \$244 million in 2005 and approximately 1,400 employees in 16 countries worldwide. For more information, visit [www.kadant.com](http://www.kadant.com).

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about the timing for the completion of the acquisition of the Huayi assets, our expected future benefits resulting from the acquisition and our strategy in China. Important factors that could cause actual results to differ materially from those indicated by such statements are set forth under the heading "Risk Factors" in Kadant's quarterly report on Form 10-Q for the period ended April 1, 2006. These include risks and uncertainties relating to our dependence on the pulp and paper industry; significance of sales from China; international sales and operations; competition; our debt obligations; restrictions in our credit agreement; retention of liabilities and warranty claims associated with composite building products manufactured prior to the sale of the business; our ability to successfully integrate Kadant Johnson; our ability to complete the acquisition of a manufacturing and assembly plant in China; our acquisition strategy; our ability to realize the anticipated benefits from the restructuring of our French subsidiary; the impact of high natural gas prices on the manufacture of fiber-based products; availability of raw materials related to the manufacture of fiber-based products; protection of patents and proprietary rights; fluctuations in quarterly operating results; and anti-takeover provisions. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

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