



## **Kadant Inc. Enters into a \$100 million Uncommitted Private Shelf Agreement with Prudential Capital Group**

May 21, 2008

WESTFORD, Mass.--(BUSINESS WIRE)--May 21, 2008--Kadant Inc. (NYSE:KAI) today announced it has entered into an uncommitted \$100 million three-year Multi-currency Note Purchase and Private Shelf Agreement ("Agreement") with an affiliate of Prudential Capital Group ("Prudential"), an institutional investment business of Prudential Financial Inc. (NYSE: PRU). Under the terms of the Agreement, Kadant can authorize, subject to acceptance by Prudential, the issuance of senior unsecured promissory notes in the aggregate principal amount of up to \$100 million (including up to the equivalent of \$75 million in other currencies) for terms not to exceed twelve years. Covenants and certain restrictions of the Agreement are substantively equivalent to those contained in the Company's credit agreement dated February 13, 2008, including financial covenants which limit consolidated leverage to 3.5 times earnings before interest, taxes, depreciation and amortization ("EBITDA"). The Company intends to use the proceeds from any borrowings made under the Agreement for acquisitions, stock buybacks, refinancing of existing debt, or for other corporate purposes.

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 Westford, Massachusetts, with revenues of \$366 million in 2007 and 2,000 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 regarding any proposed uses of proceeds or intentions to borrow under the financing arrangements described in this release. 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 March 29, 2008. These include risks and uncertainties relating to our dependence on the pulp and paper industry; significance of sales and operation of manufacturing facilities in China; international sales and operations; competition; our debt obligations; restrictions in our credit agreement; litigation and warranty costs related to our discontinued operation; our acquisition strategy; future restructurings; factors influencing our fiber-based products business; 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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SOURCE: Kadant Inc.