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**WALTER AG divests the Machine Division to Körber Schleifring Group
++++ Jobs and the Tübingen location will be retained +++++ WALTER AG to
focus on the tools and software business**

Tübingen—WALTER AG has divested its Grinding and Measuring Machine Division to the Hamburg-based Körber Schleifring Group. The contract between WALTER AG and Körber Schleifring Group was signed yesterday. As a result, 388 employees world-wide previously working with WALTER machine operations will now work for the world's leading company in the area of grinding machines. 2003 sales for the Machine Division amounted to EUR 76.5 million.

WALTER AG will focus on expanding its core business in the development, production and sales of cemented carbide tools and tool data management software.

The change in ownership will not have a negative impact on the location in Tübingen. The Schleifring Group will retain the 388 jobs affected worldwide, thereof 131 in Germany. The new Schleifring division will be managed from Tübingen. The functions for R&D, sales, administration and production will remain in Tübingen. A collective agreement concerning the sales of the Machine Division has been signed and agreed with the works council.

WALTER to strengthen its Tool Division

WALTER AG will now concentrate on the tools business as well as the development of software for tool data management. The Tübingen-based company aims to achieve dynamic growth in the segment of carbide tools.

The Tools Division of WALTER AG benefits considerably from the synergies through the Swedish parent company. "Our aim is to ensure that all divisions profit from the synergies within the Sandvik Group. The Machine Division was a sector that could not profit from the advantages and strengths of the Sandvik Group", explained CEO of WALTER AG, Peter Witteczek, when asked about the strategic decision to divest the Machine Division.



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Schleifring Group is the first choice

The Machine Division of WALTER AG has got a strong and first-class owner in the Schleifring Group. The association of seven companies, including grinding machine manufacturers such as STUDER or EWAG, is represented in a total of 28 countries. The Schleifring Group, with just under 2,000 employees, generated sales of approximately 345 million Euros in 2002.

“When selecting the buyer, we wanted to be sure that the new owner would offer the best possible perspectives for the future development of the Machine Division. WALTER Machines and the Schleifring Group will benefit from each other as they complement each other very well. WALTER Machines are the perfect supplement to the product range of the Schleifring Group,” said Peter Witteczek.

The contract between WALTER AG and Körber Schleifring Group will become effective after approval by the antitrust authorities.