



Frost & Sullivan Lauds Kennametal's Adoption for its Best-in-class New Product Development Process to Build an Innovative and Green Product Portfolio

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MOUNTAIN VIEW, Calif., Sep 30, 2008 (BUSINESS WIRE) -- Based on its recent analysis of the cutting tools market, Frost & Sullivan recognizes Kennametal Inc. with the 2008 North American Frost & Sullivan Green Excellence of the Year Award for its exceptional approach toward the stage-gated new product development process, which is a component of the Kennametal Value Business Systems (KVBS), Kennametal's global management operating system. While this approach has earned Kennametal significant revenue and a leading position in the market, its persistent stance in nurturing a sustainable environment by developing eco-friendly and long-wearing products has placed it beyond the reach of industry peers.

The KVBS helps the company deliver outstanding customer value, but the primary focus of the products and solutions emerging from the KVBS is to facilitate customer productivity through lean and green manufacturing. Kennametal's approach of developing an innovative product line through an astute process and partnerships with customers and equipment manufacturers is the benchmark in the cutting-tools industry.

"The comprehensive portfolio of products in turning, milling, holmaking, end-milling and various tooling systems not only provides a holistic processing solution, but also assists customers in improving profitable margins," says Frost & Sullivan Industry Analyst Padmakumar L. Sundaran. "Kennametal's ability to insulate itself against market downturns is predominantly due to its unfailing ability to adapt to customer needs."

Apart from providing greater value by using advanced materials for manufacturing its tools, Kennametal also offers unique designs to facilitate tool change-over and replacement. For instance, its pioneering Kentip indexable drill need less than a minute for a changeover, while conventional tools need more than 30 minutes.

The indexable drill, over a tool holder, is by far a better performer than traditional drills and reduces the time required for subsequent finishing processes (external grinding, internal grinding, and deburring). Kennametal's technology, by using considerably lower amounts of materials and hydro carbonated lubricants as well as decreasing energy and production costs, has limited the impact on the environment.

"The percolation of a green sustainability thought process to each and every employee in an organization has been a key challenge for companies and has hampered their ability to implement processes to sustain their environmental initiatives," notes Sundaran. "Kennametal has understood this challenge and has instituted a forward looking environment health and safety excellence program (EHS) that recognizes extraordinary efforts of its own employees, throughout the organization."

Among cutting tool manufacturers, Kennametal has uniquely instituted a rigorous and excellent methodology to gauge the most valued contribution from an EHS perspective among a host of internal nominations. Kennametal facilities have leveraged a scrap material recycling program to recycle more than 1,300 tons of material annually and thereby reduce raw materials usage and help customers avoid disposal fees.

Similarly, the Kennametal Distribution Center in Cleveland, Ohio, developed a reusable container to lessen potential ergonomic concerns and ultimately, increased productivity by over 35.0 percent. By adopting Kennametal's lean process, this facility identified ways to drastically cut electricity and natural gas consumption, slashing costs and generating savings.

"Kennametal has gone a step beyond competition in staging customer forums to improve green awareness and to harness solutions that could be implemented in their regular stage-gated NPD process," observes Sundaran. "These solutions are not only prudent but also result driven, persuasive and dedicated enough to achieve an environmental benchmark status in the cutting tools domain."

Each year Frost & Sullivan presents this award to the company that has demonstrated unique product design and development initiatives that are aligned with a sustainable and environmentally conscious objective within its industry sector. This Award signifies the company's identification of a unique and revolutionary solution with significant environmental benefits, while presenting tremendous market potential simultaneously. The Award also indicates that the company's overall business strategy is sound and poised for success.

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

About Kennametal Inc.

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 more than \$2.7 billion annually of Kennametal products and services -- delivered by our 14,000 talented employees in over 60 countries -- with more than 50 percent of these revenues coming from outside North America. Visit us at www.kennametal.com. [KMT-G]

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