Supplier's Quick Reference Guide to the Kenametal Supply Chain Finance (SCF) Program

Purpose
To provide key suppliers the opportunity to receive early payment on invoices that have been approved for payment and, in turn, provide them with the ability to manage their accounts receivables.

Cost
The cost is based on Kenametal’s credit profile and most likely lower than your cost of financing (see example calculation below), and well below your cost of capital. There are no implementation or monthly fees.

How it Works
Bank of America Merrill Lynch (BoFAML) purchases your receivables after Kenametal has reconciled the invoices and provided the information to you through Bank of America Merrill Lynch CashPro Trade™ (approximately 5-15 days) – allowing you to either receive automatic discounted payment or select and receive early payment on the amount you choose.

Example calculation:

<table>
<thead>
<tr>
<th>Requested Amount</th>
<th>Annualized Early Payment Charge</th>
<th>Days Remaining In Your Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>2.30% + 1.00%</td>
<td>(120 - 10) / 360</td>
</tr>
</tbody>
</table>

120 day LIBOR + SCF Spread

$98,992 Net Payment

1.01% or $1,008 Cost to Receive Funds 10 days from Invoice Date

Benefits
- Ability to choose automatic or selective invoices to sell
- BoFAML purchases 100% of your receivables – improving DSO
- Lowers the need to use limited/often costly bank lines
- Offers a low cost early payment financing at your option
- Limited program documentation requirements
- Easy-to-use, web-based program through CashPro Trade™
- Ongoing platform and program support

Steps for Enrollment
- If you are not a current BoFAML customer, you will need to provide standard corporate “KYC” documentation.
- Once KYC is complete, BoFAML sets you up on the program.
- You review and complete the program agreement and CashPro Trade™ platform documentation.
- BoFAML will establish web access to the CashPro Trade platform for you to review and request early payments.
- Kenametal inputs approved invoices into CashPro Trade, making them available to you for early payment.
- You submit a request for early payment on selected (or all) invoices – or have it set up to auto-select.
- Payment is remitted to supplier 1-2 days after the request (which is typically 5-15 days from the invoice date, based on how quickly the invoice is received, approved, and input by Kenametal).

For more information
To learn more about our SCF programs, please contact the BoFAML SCF program managers:
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