



July 30, 2019

Dear Valued Supplier,

For Kennametal, a key strategic enabler for future success is the enhancement of cash flow throughout the value chain along with maintaining long-lasting, mutually rewarding relationships with the valued suppliers we do business with. Kennametal considers the improvement in working capital performance as a major area of focus going forward. With that in mind we have partnered with Bank of America to offer a Supply Chain Finance Program through which your company will be able to take advantage of a low cost financing rate (USD LIBOR + 1.00%) based on Kennametal's credit rating. This program will also enable your company to be paid early if you so choose and will not change any of the current processes since you will continue to ship and invoice us as usual for the goods ordered and shipped.

Immediate benefits to the suppliers related to the Supply Chain Finance Program include:

- **Faster Payment Options** – Reduced days sales outstanding by electing to receive payment on invoices any time prior to maturity
- **Low-Cost Financing** – Access to funds at a cost based on the credit profile of Kennametal (Libor + 1.00%), not your credit profile
- **Predictable Cash Flow** – Ability to control your payment flow by choosing when you want to receive payment
- **Full Visibility Into Invoices** – Real-time visibility into approved invoices through Bank of America's interactive web-based portal, CashPro Trade
- **Additional Source of Liquidity** – Optional financing lever that reduces the need to use your own (possibly limited and costly) bank lines

We invite you to review the accompanying PDF for more general program information and to strongly consider the benefits of this program. Please follow-up with Juwan Chalmers (juwan.chalmers@baml.com), the Program Manager for the Kennametal - Bank of America Supply Chain Finance program, to set up a discussion for more in-depth information and to facilitate the on-boarding process.

Best Regards,

A handwritten signature in blue ink, appearing to read 'B. Shepard', is written over a white background.

Brian Shepard
Vice President, Global Sourcing