

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

Bank of America
Merrill Lynch

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 Kennametal'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 Kennametal 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:

Requested Amount	Annualized Early Payment Charge	Days Remaining In Your Term
\$100,000	2.30% + 1.00%	(120 - 10) / 360
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

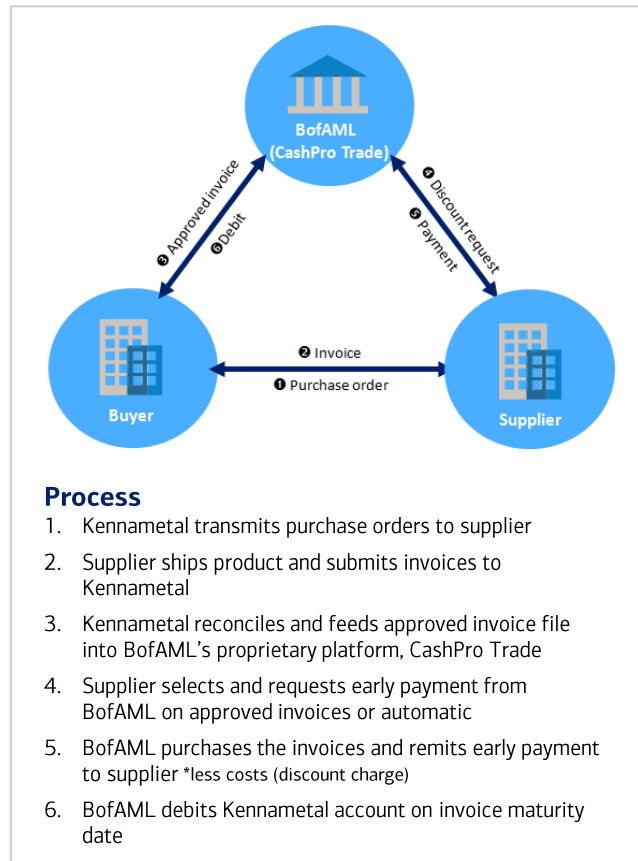
For more information

To learn more about our SCF programs, please contact the BofAML SCF program managers:

Juwan Chalmers
980.387.5182

Juwan.Chalmers@baml.com

Supplier Resource Center: <https://www.bofaml.com/en-us/content/supply-chain-finance-resource-center.html>



Process

- Kennametal transmits purchase orders to supplier
- Supplier ships product and submits invoices to Kennametal
- Kennametal reconciles and feeds approved invoice file into BofAML's proprietary platform, CashPro Trade
- Supplier selects and requests early payment from BofAML on approved invoices or automatic
- BofAML purchases the invoices and remits early payment to supplier *less costs (discount charge)
- BofAML debits Kennametal account on invoice maturity date

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.
- Kennametal 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 Kennametal).

"Bank of America Merrill Lynch" is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., Member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered as broker-dealers and Members of SIPC and, in other jurisdictions, by locally registered entities. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp. are registered as futures commission merchants with the CFTC and are members of the NFA. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured * May Lose Value * Are Not Bank Guaranteed. #ARBRW5V9/REV.4-2016. ©2016 Bank of America Corporation.