

PRODUCT RETURN POLICY

This policy/procedure defines the guidelines for returning Products, purchased by Distributor, to Kennametal. The conditions below for return of Products shall apply only to standard products. Custom solutions (Special products) may not be returned except for situations involving product defects or incorrect shipments by Kennametal.

I. Conditions of Return - Products:

- Returned item must be a current Kennametal standard stocked product as per the current Price/Stock Schedule.
- Products must be in original full packaged quantities and in a condition that will allow immediate restocking upon receipt at the Kennametal central stocking warehouse.
- All returned items must have been purchased, within the previous 12-month period, from the date of the return. A copy of the original invoice, or the original invoice number and Kennametal order number must be provided with the returned Products.
- Standard Products that become obsolete by Kennametal are subject to review and may be rejected upon receipt of the return by Kennametal.
- Special Products may not be returned to Kennametal for credit, except for quality reasons and/or to be reworked.
- Any broken Products packages marked and defaced labels and/or packages will be rejected for return credit by Kennametal.
- Returned materials must be properly packaged for shipment. Any carrier damage is the responsibility of the Distributor.
- All returned Products, upon receipt by Kennametal, will be inspected, accepted, or rejected.
- Returned items, which do not conform, will not be returned to the Distributor and the value of non-conforming items will be deducted from the Distributor credit. Any Products not meeting all the return policy conditions, identified herein will be scrapped by Kennametal.
- Non-Kennametal items received by Kennametal, which have been included in a Distributor Products return, will be returned to the Distributor.

II. Authorization – Distributor Inventory:

- Distributor inventory for return is defined as excess inventory, stock rotation or return as a result of termination.
- The total value of all excess inventory returns and /or stock rotations, within a given calendar year, is limited to 3% of the previous year's purchases which is calculated on prior fiscal year purchases and may be split into a maximum of two (2) returns within a given calendar year.
- Returns as a result of termination must be completed within 60 days of termination.
- For pre-approval, the Distributor must submit a Return Material Request (RMR) listing all Products for return to the assigned Kennametal Regional Operation Center and Regional Operation Manager. The Distributor list of Products submitted to request a return from Kennametal must include, in addition to any conditions herein, SAP material master number, product description, quantity, and reason for return.
- Kennametal reserves the right to reject a Distributor excess inventory return, by item, based upon the review of a 12-month global demand and product classification. Proposed return quantities in excess of the 12-month global demand will not be approved for return. Based upon this information, a preliminary approval for return will be forwarded to the Distributor and assigned Regional Operation Center.
- The Kennametal Regional Operation Center will issue a Return Materials Authorization, hereinafter called RMA, to the Distributor.
- RMA product shipments must be received by Kennametal within 60 days of the written RMA issue date. After 60 days, the RMA is considered to be invalid. Material received by Kennametal on an expired RMA will be returned to the Distributor at the expense of the Distributor. An additional \$50.00 processing and handling charge will be accessed to the Distributors account on all expired RMA's received by Kennametal.

III. General Distributor & Customer Returns:

- Distributor may also return Products for credit at any time for the following reasons:

Product Quality
Over Shipment (above standard terms & conditions)
Incorrect Item Shipped/Received
- Due To Customer Order Error
- Material Shipped in Error by Kennametal

- Distributor will obtain a RMA for these types of returns, from the assigned Regional Operation Center/Customer Service Representative.
- Products ordered for Test & Development, (hereinafter called T&D), may be returned for credit, as follows:
 - Only Steel Products in a new, unused condition will be accepted by Company.
 - Company Field Sales Management must approve T&D RMA's prior to the return shipment to Company.
 - The original invoice number of a T&D item to be returned must be provided to approve a T&D RMA.

IV. General Terms & Procedures:

- A 15% restocking charge will be applied to all excess inventory and / or stock rotation returns, except when the Distributor enters an offsetting purchase order for Products in equal to or greater value than the amount of the return credit issued. The offsetting order must be entered with Kennametal at the time the approved RMA is scheduled for return to Kennametal.
- No Distributor inventory returns will be accepted in the month of December or June, by Kennametal.
- All return packages must be clearly labeled, with issued RMA number affixed to the package. A packing slip along with other return documentation must be enclosed or securely attached to the outside of the package. This information is subject to inspection prior to issuance of credit.
- Kennametal will issue a final credit to the Distributor on or before 30 days of receipt of returned material.
- Distributor will be advised of any non-conforming return Products. Dispute of any such return will be resolved with local Kennametal sales, warehouse, and corporate Distribution management. Any such dispute must be resolved on or before 60 days of issued credit.
- Disputed returned materials that are not resolved within 60 days and/or any unauthorized returned product deduction by the Distributor may result in the suspension of the functional discount component as identified in Schedule D for a period of three months.
- Distributor agrees to comply with any and all Kennametal forms and/or formats required to process returned materials.
- In addition to the terms and conditions herein, Kennametal reserves the right to charge an administration fee on any Distributor return. Should Kennametal at its sole discretion, invoke this right, the Distributor will be notified in writing within 15 Days of receipt of returned Products. This fee shall not exceed \$100 per return, and will be deducted from the credit issued to the Distributor. Once implemented the administration fee may remain in effect for all subsequent Products returns of the Distributor.