



Credit Policy

Establishment of Credit Terms

Our primary goals for establishing credit for our Distributors are to ensure the efficient shipment and processing of orders and to help cover some of the time it takes to transport the product to the customer.

Skutt Ceramic Products Inc. reserves the right to grant, alter or revoke credit terms at our discretion. There are currently 3 primary categories of credit status for authorized resellers of Skutt products: Cash in Advance, Net 30 and Foreign Credit Terms.

Cash in Advance

Payment for the order must be received via cash, company check, credit card or bank wire, 4 days prior to the scheduled ship date. This period of time is based on the fact that equipment begins production 4 days prior to the ship date. Late payments may result in the delay of the shipment, a future request for payment at the time of the order or cancellation of the distributorship.

Net 30

Net 30 Terms are available to distributors who have a history of on-time payments and have submitted a credit application which has been reviewed and approved by Skutt.

Invoices must be paid in full within 30 days of the invoice date. Invoices are dated based on the day the order is shipped. Invoices paid after the 30 day terms may result in a review of credit status, delayed shipment of future orders and in reoccurring cases, the termination of the distributorship.

Skutt accepts cash, company check, and bank transfer as acceptable forms of payment for accounts with 30 day terms. Any payments made by credit card will be charged to the credit card account when the order ships.

The key to a successful partnership is communication. We understand that occasionally unforeseen circumstances may occur that result in the delay of payment. It is important that you bring these to our attention prior to the date the invoice is due.

The purpose of offering net 30 day terms is not meant to be a source of financing your business. We expect Skutt Distributors to have cash reserves and/or established credit with their financial institution to cover temporary deficits in cash flow.

Penalties

Skutt reserves the right to charge a 1.5% penalty fee based on the total balance over the set terms each month.

(continued)

CREDIT POLICY CONTINUED

Credit Terms For Accounts Located Outside of North America

Due to the risks that are sometimes associated with the unpredictable nature of currency fluctuations and policy changes in foreign markets it is not often that we offer terms to foreign accounts. When terms are offered, they are often customized to fit the unique characteristics of the market.