

Power Electronics Division
Cancellation and Change Order Procedure for Customers

PURPOSE

The purpose of this document is to provide customers (Buyer) of the Power Electronics Division of Toshiba International Corporation (TIC) those requirements with which they are required to comply when requesting cancellations and changes to purchase orders (PO) accepted by TIC for Uninterruptible Power Systems (UPS), Maintenance Bypass Systems (MBS), Battery Cabinets (BC), SCiB™ Energy Storage Solutions, Energy Management Systems (EMS), Distribution Solutions, Service Parts (SP), as well as custom and modified products. Any specific cancellation schedule included in an accepted PO takes precedence over any schedule(s) provided in this document.

GENERAL

A PO may not be terminated by Buyer unless TIC has received a revised PO or other written notice of termination. Verbal requests shall not be considered sufficient for TIC to terminate a PO.

STOCK PRODUCTS

PO Termination/Cancellation

Buyer may terminate a PO for its convenience upon payment of applicable cancellation charges. Applicable cancellation charges are those set forth in the cancellation schedule included in a PO or, if no cancellation schedule is included in a PO, TIC may charge Buyer reasonable and proper termination charges, including but not limited to all costs incurred prior to the notice of termination and all expenses incurred by TIC attributable to the termination, plus a 25% restocking fee.

Stock Products that have already shipped at time of TIC's receipt of Buyer's written cancellation notice shall be invoiced in full and the product would then be subject to TIC's PED Customer Return Procedure.

Stock Products that have not shipped at time of TIC's receipt of Buyer's written cancellation notice shall be subject to a minimum cancellation charge per line item. Any labor and material costs that have been incurred as of the time of receipt of the written cancellation, as well as any associated charges related to returning the Product back to Finished Goods, shall be included in the assessed cancellation charges.

CUSTOM PRODUCTS/ BUILD-TO-ORDER:

PO Termination/Cancellation

Buyer may terminate a PO for its convenience upon payment of applicable cancellation charges. Applicable cancellation charges are those set forth in the cancellation schedule provided in the PO or, if no cancellation schedule is included in a PO, TIC may charge Buyer reasonable and proper termination charges, including but not limited to, all costs incurred prior to the notice of termination and all expenses incurred by TIC attributable to the termination. PO releases for custom products are subject to materialization and fabrication charges.

Custom Products that have already shipped at the time of TIC's receipt of Buyer's written cancellation notice shall be subject to a cancellation charge of 100% net value and product would then be subject to TIC's PED Customer Return Procedure.

Custom Products that have not shipped at time of TIC's receipt of Buyer's written cancellation notice shall have cancellation charges assessed on a line item basis. Charges assessed will be percentages of the work completed, engineering time and materials used and the costs incurred in the manufacturing cycle.

MODIFIED PRODUCTS:

PO Termination/Cancellation

Buyer may terminate a PO for its convenience upon payment of applicable cancellation charges. Applicable cancellation charges are those set forth in the cancellation schedule provided in the PO or, if no cancellation schedule is included in a PO, TIC may charge Buyer reasonable and proper termination charges, including but not limited to, all costs incurred prior to the notice of termination and all expenses incurred by TIC attributable to the termination. PO releases for modified products are subject to materialization and fabrication charges.

Modified Stock Products shall be subject to a minimum cancellation charge per line item. Any labor and material costs that have been incurred as of the time of TIC's receipt of Buyer's written cancellation notice, as well as any associated charges related to returning the Product back to "Finished Goods", shall be included in the assessed cancellation charges.

PRODUCT CLASSIFICATION:

Questions regarding whether a product is considered Stock, Custom, or Modified should be directed to TIC.

CHANGES TO PO

With respect to an accepted PO, any changes requested to such PO must be communicated in writing to TIC and approved in writing by an authorized TIC representative before TIC is deemed to have accepted such changes. TIC must also receive a revised PO showing such changes. Any changes accepted by TIC shall be subject to all terms of sale that are in effect at the time of the approved change. Changes made to POs already released to engineering or manufacturing shall be subject to reprocessing and/or reengineering charges as well as charges for any changes and/or rework that may be required with respect to the applicable product.

In the event that the Buyer requests a change to the ship date schedule, additional fees may apply. The additional fees shall be as follows:

Storage Fee: Monthly storage fee starts 30 days after original ship date, no proration.

Top Charge Fee: Applies to battery cabinets. Occurs after 6 months of ship date or when cabinet is due for top charge. Fee is per physical cabinet.