

April 7, 2009

Dear Passport Advantage / Passport Advantage Express Customer:

This notice is to inform you of recent enhancements made to the IBM Sub-capacity offering. Highlights of the offering enhancements are summarized below:

- 1) Expanded List of Eligible Products
- 2) More Eligible Virtualization Technologies
- 3) Simplified Tracking and Reporting

If you had agreed to the terms of any Sub-capacity attachment prior to the IBM International Passport Advantage Agreement Attachment for Sub-Capacity Licensing Terms (Z125-7174-02), dated July 2008, this letter serves as our required notice to you of changes brought into effect by Z125-7174-02 and described on the following pages. **These changes become effective for you on August 1, 2009.**

If you have initiated a new Passport Advantage Agreement by enrolling as an Originating Site since September 8, 2008 using Z125-7174-02, or have enrolled as an Additional Site under your Originating Site's Agreement that was initiated on or after that date, these new terms already apply to you and this letter is for information purposes only.

In addition, this letter includes a link to the IBM web site that provides information about Processor Value Unit (PVU) licensing requirements, including those for new processor technologies. If you are not yet taking advantage of Sub-capacity licensing or simply want to learn more about PVUs and Sub-capacity licensing and the value it can bring to your business, you can obtain information on the web sites provided on the following page.

We appreciate your business and look forward to a long, mutually successful relationship.

Sincerely,

IBM Passport Advantage Team

**Please find attached:**

- New Attachment for Sub-Capacity Licensing (Z125-7174-02)

## **Details of this Notification, and links to web sites for more information**

IBM has eliminated the requirement to obtain and track different part numbers for Sub-capacity licensing and made changes to the Attachment for Sub-Capacity Terms (“Attachment”) associated with your IBM International Passport Advantage Agreement (“IPAA”) or IBM International Passport Advantage Express Agreement (“IPAEA”).

### **Expanded list of eligible products and elimination of unique parts for Sub-capacity licensing**

IBM has recently expanded the number of products eligible for Sub-capacity licensing (“Eligible Sub-capacity Products”) and announced the elimination of different part numbers for Sub-capacity licensing. All Processor Value Unit (PVU) Products are now Eligible Sub-capacity Products, unless they are specifically listed as not eligible on the Sub-capacity licensing web site at the link below. Your existing PVU Sub-capacity license entitlements will not be converted to PVU license entitlements, but can be used on an “as if converted” basis using a ratio of 1 PVU Sub-capacity license equals 1 PVU license. Your existing Software Subscription & Support (S&S) entitlements for PVU Sub-capacity products will be migrated to PVU S&S entitlements on a 1 for 1 basis at your next Software S&S renewal date on or after July 1, 2009.

### **Changes to Attachment**

Please carefully review the included Attachment for changes and enhancements. In accordance with the provisions of the IPAA, these changes automatically become effective on August 1, 2009. A summary of the key changes follows:

- Elimination of the requirement to report to IBM every quarter. Customers now need to create and retain reports generated by the IBM License Metric Tool (“ILMT”).
- Improvement of the required ILMT license tracking tool, to make it easier to install and use.
- Expansion of the list of eligible virtualization technologies.
- Clarification of our respective rights and obligations for compliance verification.

### **Additional information**

Under the Sub-capacity terms, customers can obtain licenses for PVU-based products for use on a subset of the total processor cores of a system. For more information, including licensing requirements, counting rules, a list of eligible virtualization technologies, and links on how to obtain and use the ILMT product, see this web site: <http://www.ibm.com/software/lotus/passportadvantage/subcaplicensing.html>

IBM continues to license to the processor core. As new processor technologies become available, IBM publishes PVU license requirements per processor core. For PVU license requirements and guidelines on how to distinguish between processor technologies, see this web site:

[http://www-01.ibm.com/software/lotus/passportadvantage/pvu\\_licensing\\_for\\_customers.html](http://www-01.ibm.com/software/lotus/passportadvantage/pvu_licensing_for_customers.html)

Note for Customer Originating Company: As a courtesy, we are sending a copy of this letter by email to your active Additional Sites. In your role as the administrator of the contract within your Enterprise, and in accordance with the terms of your Agreement, please also coordinate these updates with them.

Note for Customer Additional Site: The attached copy of the Attachment is for your information only, since you obtain Eligible Products under your Originating Site’s Agreement and Attachment.