

Subject: IBM Passport Advantage Sub-Capacity Licensing

Dear Passport Advantage Sub-Capacity customer,

On November 6, 2007, IBM announced an update to IBM's Passport Advantage Sub-capacity Licensing offering that describes a modification to the IBM International Passport Advantage Agreement Attachment for Sub-Capacity Terms (Z125-7174-00 5/2005) ("Attachment"). Specifically, IBM is eliminating the following requirements described in subsections 2 and 3 of Section 4, "Your Responsibilities under Sub-Capacity Terms," of the Attachment:

- 2) register with IBM's License Management System application
- 3) submit to IBM, each quarter, program use reports

The requirement in subsection 1 of Section 4 of the Attachment to implement the IBM Tivoli License Compliance Manager (ITLCM) program remains temporarily suspended. Nevertheless, you remain responsible for purchasing and maintaining the requisite number of license authorizations and compliance with all other terms of the Attachment. Additionally, customers will be responsible for generating reports using the planned new license metric tool (see below) once it is available, for use in the event of an IBM audit.

In this announcement, IBM also provides several statements of direction:

- A new license metric tool is planned for enhanced tracking of Processor Value Unit (PVU)-based licenses that will be required under the Passport Advantage Sub-capacity Offering. Optionally, customers can also use the new license metric tool to track full capacity PVU licenses. IBM now expects the new license metric tool will be available by mid-2008.
- The new license metric tool is intended to support several new POWER6 and AIX V6.1 technologies that are not currently supported by ITLCM and therefore not currently an eligible sub-capacity partitioning/virtualization technology.
- In conjunction with the new tool, a simpler sub-capacity licensing offering is also anticipated.

Please refer to the announcement letter for additional details at <http://www-01.ibm.com/common/ssi/index.wss> (US #207-273, Canada #A07-2348, EMEA/LA #ZA07-0206, AP #AP07-0273). All statements regarding future IBM direction and intent are subject to change or withdrawal without notice and represent goals and objectives.

We are confident that these and next year's planned enhancements will improve your ability to manage the licensing of your IBM programs in a sub-capacity environment.

For additional information about Passport Advantage Sub-capacity Licensing, visit this web site: <http://www-142.ibm.com/software/sw-lotus/services/cwpassport.nsf/wdocs/subcaplicensing>

For additional information about Passport Advantage, visit this web site: <http://www.ibm.com/software/passportadvantage>

If you have further questions, please contact your IBM Representative, your IBM Business Partner, or send an e-mail to subcap@us.ibm.com.

Sincerely,

Your IBM Passport Advantage team