

IBM Addendum for Tailored Fit Pricing for IBM Z

Enterprise Consumption Solution

This Addendum for Tailored Fit Pricing for IBM Z Enterprise Consumption Solution ('Addendum') modifies or is in addition to each of the following which may be in effect between Client and IBM: the (i) Attachment for Country Multiplex Pricing; (ii) Attachment for IBM System z Advanced Workload License Charges; (iii) Attachment for IBM System z Advanced Entry Workload License Charges; and (iv) Attachment for zNALC License Charges on System z (each an Applicable Attachment); and governs Client's entitlement to the special IBM Program pricing specified in this Addendum.

1. Definitions

Annual MSU Baseline – for each Enterprise Solution with Tailored Fit for IBM Z Enterprise Consumption Solution pricing, the total number of MSUs that are available for each twelve (12) month "Period" (or prorated Period) of the Term and included in the Monthly Baseline Charges as specified in Section 8 of this Addendum.

Eligible Machine(s) – a z14, z14 ZR1 or later technology for which Client is the licensee of all Programs.

Eligible Program(s) – a sub-capacity eligible MLC Program licensed directly to Client and identified in this Addendum.

Enterprise Solution - a distinct workload or set of workloads that share a common and distinct technical or business purpose, and which has an Enterprise Solution ID assigned by IBM. The solution may be one or a set of LPARs.

Enterprise Solution ID — the unique 64-character Solution ID assigned by IBM to an Enterprise Solution that is defined in this Addendum and provided to the client via the LMS application.

Enterprise Solution License Charges (ESLC) – the pricing methodology used for eligible MLC Programs for Enterprise Solution Workload(s) based on MSUs consumed.

Enterprise Solution Name — the name chosen by the Client to identify each Enterprise Solution to appear on the Enterprise Tailored Fit Report for any Eligible Machine running this Enterprise Solution Workload. The initial Enterprise Solution Name is defined in this Addendum but may be changed by the client using the IBM License Management Support (LMS) application available at <http://www.ibm.com/software/lms>.

Enterprise Solution Workload - a client's Enterprise Solution workload(s) running on Eligible Machines as approved by IBM, in its sole discretion, to receive Tailored Fit Pricing for IBM Z Enterprise Consumption Solution pricing.

Enterprise Tailored Fit Pricing (Enterprise TFP) Report - a report generated by SCRT to enable IBM to determine the number of MSUs consumed by each Enterprise Solution.

Growth Charges – the ESLC charges per MSU for Eligible Programs for all MSUs in excess of the Annual MSU Baseline of an Enterprise Solution. The initial Growth Charges as specified in Section 8 of this Addendum.

Monthly Baseline Charges – the monthly ESLC charges for Eligible Programs for the Annual MSU Baseline of an Enterprise Solution. The initial Monthly Baseline Charges are specified in Section 8 of this Addendum.

OTC Entitlement Factor – the conversion factor for an IBM sub-capacity eligible one-time charge (OTC) program that normalizes the Program Peak to the Annual MSU Baseline. The OTC Entitlement Factor is used to calculate OTC program requirements for MSU utilization above the Annual MSU Baseline. OTC Entitlement Factors greater than 1 will be capped at 1 for MSU utilization in excess of the Annual MSU Baseline.

Program Peak – the MSU peak of a sub-capacity eligible OTC program within an Enterprise Solution during the period used to determine the Annual MSU Baseline. The Program Peak is used for calculation of the OTC Entitlement Factor.

Reporting Period - the period that begins on the second day of a month and ends on the first day of the following month.

Supplement -- an IBM Supplement for Tailored Fit Pricing for IBM Z Enterprise Consumption Solution in effect between Client and IBM.

Term – the term of the Addendum for Tailored Fit Pricing for IBM Z Enterprise Consumption Solution as specified in Section 8 of this Addendum. Initial term will be 1-5 years.

Total MSU Consumption – the total MSUs consumed by an Enterprise Solution in a Reporting Period as reported on an Enterprise TFP Report.

2. **Client Responsibilities**

Enterprise Consumption Solution pricing is conditional upon (i) Client's utilization only of capacity authorized by IBM for Client's use, and (ii) accurate capacity utilization measurement data being generated by operating systems and processed by SCRT.

Client will:

- a. supply to IBM the following information for section 8 of this Addendum for each Enterprise Solution: (i) Enterprise Solution name, (ii) machine type and serial number for all Eligible Machines where the Enterprise Solution will be deployed, and (iii) the list of all Enterprise Solution Workload programs;
- b. promptly install any future operating system service or Product specific service required by IBM for the Enterprise Solution, and implement any IBM directed technical measures to maintain the Enterprise Solution;
- c. for each Eligible Machine for which Client qualifies for an Enterprise Solution, specify the Enterprise Solution ID to SCRT for all LPARs dedicated to the Enterprise Solution;
- d. for each Eligible Machine for which Client qualifies for an Enterprise Solution, submit monthly SCRT Enterprise TFP Reports using Coordinated Universal Time (UTC) to IBM in accordance with all terms regarding creation, management and submission of SCRT Reports specified in this Addendum and in each Attachment that is in effect between Client and IBM;
- e. not submit an SCRT Report that uses an Enterprise Solution ID which is not authorized by IBM;
- f. IBM will invoice for all additional charges and other liabilities Client becomes obligated to pay if Client submits an altered SCRT Report or fails to otherwise comply with the terms of this Addendum. IBM will invoice for such charges when Client submits the altered SCRT Report or otherwise fails to comply with the terms of this Addendum.
- g. notify IBM in writing of any Programs to be added or removed from an Enterprise Solution to adjust the Monthly Baseline Charges and Growth Charges, as applicable.

3. **IBM Responsibilities**

IBM will:

- a. provide the SCRT and Enterprise Solution ID(s) and make available to Client instructions to use;
- b. subject to Client's compliance with this Addendum, apply the ESLC pricing to Eligible Programs for Enterprise Solution Workload(s), in accordance with this Addendum and any related Supplement.

4. **IBM Rights**

IBM may reject any Enterprise Tailored Fit Report that reflects data generated by or otherwise concerning an ineligible or unauthorized Enterprise Solution ID.

5. **General**

- a. MLC Program charges for Enterprise Solution Workload(s) will be based upon the Monthly Baseline Charges and an annual review of Total MSU consumption. See MLC Program Charges in Section 6.
- b. Enterprise Solution Workload(s) must remain in the appropriate Enterprise Solution.
- c. Each LPAR must be dedicated to a single Enterprise Solution and may not be moved to another Enterprise Solution.
- d. Verification requirements for Parallel Sysplex aggregation are suspended during the term of this Addendum.
- e. An MSU Baseline may not include any workloads that are designed to artificially increase the number of MSUs consumed during the baseline period. These include, but are not limited to, in house or 3rd party programs or functions designed to temporality consume MSUs during the baseline period, but not run once the baseline has been established. By execution of this Addendum, Client certifies that no such mechanisms have been used.
- f. This offering is only applicable in the original country of signature, and to Machines and Enterprise Solution Workload(s) operating within the Client's Enterprise. The terms and conditions of this Addendum may not be assigned or transferred outside the Client Enterprise, nor country of signature.

- g. Enterprise Solution License Charges are subject to future announced price changes in accordance with the GSA Schedule Pricelist, this Addendum and changes to effective TTO benefit.
- h. This Addendum and any Supplement(s) only applies to that part of Client's Enterprise that existed as of the effective date of this Addendum and not by any business entities or portions of business entities that become part of Client's Enterprise through merger or acquisition activity after the effective date of this Addendum. IBM in its sole discretion may modify the Addendum to accommodate such activity.
- i. At the expiration of this Addendum, Client may renew the contract for an additional mutually agreed term with any generally available IBM pricing offering for which they are eligible.
- j. Client may cancel their Enterprise Consumption Solution and terminate this Addendum for any reason by sending 30 day written notice to IBM. Upon notification, the Annual MSU Baseline will be prorated to the effective date of termination and the Total MSU Consumption for the revised Period reconciled with the revised Annual MSU Baseline per Section 6 below. Following such cancellation Client may not initiate a new Enterprise Consumption Solution for at least six (6) months.

6. MLC Program Charges

Client will be billed the Monthly Baseline Charges each month. At the end of each Period, the Total MSU Consumption for the Period is compared to the Annual MSU Baseline. If the Total MSU Consumption for the Period exceeds the Annual MSU Baseline, the number of MSUs above the Annual MSU Baseline will be billed at the Growth Charges per MSU.

If the Total MSU Consumption for the Period is below the Annual MSU Baseline the number of MSUs below the Annual MSU Baseline will be carried over to the following Period by adding the MSUs not consumed to the Annual MSU Baseline for the following Period. For the avoidance of doubt, as an example, if the Total MSU Consumption for the Period is 10,900 MSUs and the Annual MSU Baseline is 11,000 MSUs, the 100 MSUs not consumed will be added to the Annual MSU Baseline for the following Period. The Annual MSU Baseline for the following Period will be 11,100 MSUs. Annual MSU Baseline MSUs not consumed by the earlier of the expiration or termination of the Addendum are forfeited.

Licensing requirements for MLC programs that are not sub-capacity eligible MSU based will continue to be licensed under their announced terms and conditions.

7. IPLA One-time Charge (OTC) Programs

IBM OTC programs may be licensed at the full capacity of the Enterprise or alternatively, sub-capacity eligible MSU based OTC programs may be converted to consumption-based tracking using a conversion rate of one (1) standard MSU equal to five thousand (5000) annually consumed MSUs (1:5000). An OTC Entitlement Factor will be calculated by multiplying the Program Peak by 5000 and dividing the result by the Annual MSU Baseline. For example, an OTC program with a historical MSU peak of 1000 MSUs and an Annual MSU Baseline of 10,500,000 would have an OTC Entitlement Factor of .47619048 ($1000 \times 5000 / 10,500,000$). The minimum entitled MSU level requirement for eligible OTC programs will be based on the Annual MSU Baseline of the Enterprise Solution(s) the program executes in.

Quarterly during each Period, the cumulative Total MSU Consumption to date will be compared to the entitled MSU level for each eligible OTC program within the Enterprise Solution(s). If the Total MSU Consumption exceeds the entitled MSU level, additional entitlements for the eligible OTC programs will be required using the 1:5000 conversion rate and the program's OTC Entitlement Factor for the number of MSUs above their respective entitled MSU level. For the example above, a Total MSU Consumption of 12,000,000 MSUs would require an additional 143 MSUs of entitlement using the formula: $12,000,000 - 10,500,000 / 5000 \times .47619048$ rounded up to nearest MSU. The additional OTC program entitlements (including Subscription and Support charges) will be effective as of the date the program's entitled MSU level was exceeded. If the Total MSU Consumption for the Period is below the program's entitled MSU level, no additional OTC entitlements will be required, and the existing entitled MSU level will remain in effect for the following Period.

The consumption-based alternative described above is only applicable for sub-capacity eligible MSU based OTC programs within an Enterprise Consumption Solution. Eligible OTC programs using consumption-based tracking will continue to be aggregated with program entitlements that are not using consumption-based tracking; for example, within an Application Development and Test Solution. Entitlement requirements for IBM OTC programs that are not sub-capacity eligible MSU based will continue to be licensed under their announced terms and conditions.

