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**CHAPTER 5 TABLE OF CONTENTS**

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<b>CHAPTER 5. SPECIAL ITEM 132-33: PERPETUAL SOFTWARE LICENSE.....</b>	<b>1</b>
TERMS AND CONDITIONS.....	1
5.1 INSPECTION/ACCEPTANCE.....	2
5.2 GUARANTEE/WARRANTY.....	2
5.3 TECHNICAL SERVICES.....	2
5.4 SOFTWARE MAINTENANCE.....	2
5.5 UTILIZATION LIMITATIONS.....	2
5.6 SOFTWARE CONVERSIONS - (132-32 AND 132-33).....	3
5.7 DESCRIPTIONS AND EQUIPMENT COMPATIBILITY.....	4
5.8 GENERAL INFORMATION.....	4
5.9 ORDERS.....	4
5.10 RISK OF LOSS.....	5
5.11 COMPLIANCE VERIFICATION.....	5
5.11.1 <i>Circumvention of Technological Measures</i> .....	5
5.12 CHARGES, INVOICES, AND PAYMENTS.....	6
5.13 CROSS FISCAL YEAR FUNDING.....	7
5.14 LICENSE AGREEMENT FOR ICA PROGRAMS.....	7
5.14.1 <i>Authorized Use</i> .....	8
5.14.2 <i>Government's Additional Obligations</i> .....	8
5.14.3 <i>Actions the Government May Not Take</i> .....	8
5.14.4 <i>Date Of Installation</i> .....	9
5.14.5 <i>Acceptance</i> .....	9
5.14.6 <i>Warranty</i> .....	9
5.14.6.1 <i>Remedies</i> .....	10
5.14.7 <i>Distributed System License Option</i> .....	10
5.14.8 <i>License Termination</i> .....	10
5.14.9 <i>Program Services</i> .....	11
5.15 IBM PROGRAM LICENSE AGREEMENT (IPLA).....	11
5.15.1 <i>License grant</i> .....	12
5.15.2 <i>Trade-ups, Updates, Fixes, and Patches</i> .....	13
5.15.3 <i>Fixed Terms Licenses</i> .....	14
5.15.4 <i>Money-Back Guarantee</i> .....	14
5.15.5 <i>Warranty</i> .....	14
5.15.6 <i>Licensee Data And Databases</i> .....	15
5.15.7 <i>Compliance Verification</i> .....	15
5.15.8 <i>Third Party Notices</i> .....	16
5.15.9 <i>Charges</i> .....	16
5.15.10 <i>Termination</i> .....	16
5.15.11 <i>General</i> .....	17
5.15.12 <i>Agreement for the Acquisition Of Software Maintenance</i> .....	17
5.15.13 <i>Passport Advantage</i> .....	26
5.16 IBM SOFTWARE SUPPORT VIA U.S. CITIZENS.....	26
5.17 SOFTWARE PRICING OPTIONS.....	28



5.17.1 Attachment IBM System z Advanced Workload License Charges (AWLC).....	28
5.17.2 Attachment IBM System z Advanced Entry Workload License Charges (AEWLC).	35
5.17.3 Growth Opportunity License Charge (GOLC).....	41
5.17.4 Attachment Parallel Sysplex License Charge (PSLC).....	41
5.17.5 Attachment System z New Application License Charge.....	42
5.17.6 Attachment IBM System z Usage Pricing Charges.....	49
5.17.7 Single-Version Charging.....	51
5.17.8 Attachment IBM System z Workload License Charges.....	53
5.17.9 Attachment EWLC, TWLC, zELC and z/OS.e License Charges.....	58
5.17.10 Attachment Select Application License Charges for IBM System zUsage Pricing Charges.....	68
5.17.11 Amendment IBM System z Programs Sub-Capacity Pricing.....	69
5.17.12 Addendum for Integrated Workload Pricing to Attachment for AWLC.....	73
<b>IBM RIGHTS.....</b>	<b>75</b>

Note: Passport Advantage Terms and Conditions previously in 5.15.13 now located in Appendix S.

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## CHAPTER 5. SPECIAL ITEM 132-33: PERPETUAL SOFTWARE LICENSE

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### TERMS AND CONDITIONS

Note: These terms and conditions are applicable to the licensing of IBM licensed programs, and are in addition to those described in Chapter 1, General Information.

During the contract period, International Business Machines Corporation (IBM) and the Government agree that the following terms and conditions will apply to any order for IBM licensed programs that is placed by the Government under this Special Item. The term "Government" shall mean all Federal agencies (as defined in Paragraph (b) of 40 USC 472), the Senate, the House of Representatives, the Architect of the Capitol, and the Government of the District of Columbia, all of which are hereinafter referred to as the Government. The offerings under this Special Item 132-33 will be available to the Government within the United States, the District of Columbia and Puerto Rico. IBM will deliver products and perform services to overseas U.S. Government locations which are in support of national or mutual defense operations (including U.S. Embassies), and to locations which support the national interest of the United States.

### SOFTWARE MAINTENANCE

a. Software maintenance as it is defined: (select software maintenance type) :

  X   1. Software Maintenance as a Product (SIN 132-32 or SIN 132-33)

Software maintenance as a product includes the publishing of bug/defect fixes via patches and updates/upgrades in function and technology to maintain the operability and usability of the software product. It may also include other no charge support that are included in the purchase price of the product in the commercial marketplace. No charge support includes items such as user blogs, discussion forums, on-line help libraries and FAQs (Frequently Asked Questions), hosted chat rooms, and limited telephone, email and/or web-based general technical support for user's self diagnostics.

Software maintenance as a product does NOT include the creation, design, implementation, integration, etc. of a software package. These examples are considered software maintenance as a service.

Software Maintenance as a product is billed at the time of purchase

       2. Software Maintenance as a Service (SIN 132-34)

Software maintenance as a service creates, designs, implements, and/or integrates customized changes to software that solve one or more problems and is not included with the price of the software. Software maintenance as a service includes person-to-person communications regardless of the medium used to communicate: telephone support, on-line technical support, customized support, and/or technical expertise which are charged commercially. Software maintenance as a service is billed arrears in accordance with 31 U.S.C. 3324.

b. Invoices for maintenance service shall be submitted by the Contractor on a quarterly or monthly basis, after the completion of such period. Maintenance charges must be paid in arrears (31 U.S.C. 3324). PROMPT PAYMENT DISCOUNT, IF APPLICABLE, SHALL BE SHOWN ON THE INVOICE

## 5.1 INSPECTION/ACCEPTANCE

The Contractor shall only tender for acceptance those items that conform to the requirements of this contract. The ordering activity reserves the right to inspect or test any software that has been tendered for acceptance. The ordering activity may require repair or replacement of nonconforming software at no increase in contract price. The ordering activity must exercise its post-acceptance rights as defined in IBM's license terms (1) within a reasonable time after the defect was discovered or should have been discovered; and (2) before any substantial change occurs in the condition of the software, unless the change is due to the defect in the software.

**Acceptance** – see IBM's ICA and IPLA license terms for the definition of Acceptance.

## 5.2 GUARANTEE/WARRANTY

IBM's standard commercial guarantee/warranty is specified in the terms and conditions of the ICA and IPLA license terms stated elsewhere in this chapter.

IBM's Limitation of Liability is as specified in Chapter 1 of the GSA Schedule.

## 5.3 TECHNICAL SERVICES

IBM provides technical support for software licenses as specified herein under the ICA and IPLA license terms.

## 5.4 SOFTWARE MAINTENANCE

IBM's Software maintenance terms are provided herein under the Acquisition of Software Maintenance (Item 5.15.12) and Passport Advantage terms (Appendix S).

## 5.5 UTILIZATION LIMITATIONS

- a. Software acquisition is limited to commercial computer software defined in FAR Part 2.101.
- b. When acquired by the ordering activity, commercial computer software and related documentation so legend shall be subject to the following:
  1. Title to and ownership of the software and documentation shall remain with the Contractor, unless otherwise specified.
  2. Software licenses are by site and by ordering activity. An ordering activity is defined as a cabinet level or independent ordering activity. To the extent the use of the software

Program is in accordance with the level of authorization obtained for the Program, the software may be used by any subdivision of the ordering activity (service, bureau, division, command, etc.) that has access to the site where the software resides, even if the subdivision did not participate in the acquisition of the software. Further, the software may be used on a sharing basis where multiple agencies have joint projects that can be satisfied by the use of the software placed at one ordering activity's site. This would allow other agencies access to one ordering activity's database. For ordering activity public domain databases, user agencies and third parties may use the computer program to enter, retrieve, analyze and present data. The user ordering activity will take appropriate action by instruction, agreement, or otherwise, to protect the Contractor's proprietary property with any third parties that are permitted access to the computer programs and documentation in connection with the user ordering activity's permitted use of the computer programs and documentation. For purposes of this section, all such permitted third parties shall be deemed agents of the user ordering activity.

3. Except as is provided in paragraph 8.b(2) above, the ordering activity shall not provide or otherwise make available the software or documentation, or any portion thereof, in any form, to any third party without the prior written approval of the Contractor. Third parties do not include prime Contractors, subcontractors and agents of the ordering activity who have the ordering activity's permission to use the licensed software and documentation at the facility, and who have agreed to use the licensed software and documentation only in accordance with these restrictions. This provision does not limit the right of the ordering activity to use software, documentation, or information therein, which the ordering activity may already have or obtains without restrictions.
4. (4) The ordering activity shall have the right to use the computer software and documentation with the computer for which it is acquired at any other facility to which that computer may be transferred, or in cases of disaster recovery, the ordering activity has the right to transfer the software to another site if the ordering activity site for which it is acquired is deemed to be unsafe for ordering activity personnel; to use the computer software and documentation with a backup computer when the primary computer is inoperative, for a temporary period of time; to copy computer programs for safekeeping (archives) or backup purposes; with IBM's written consent, to transfer a copy of the software to another site for purposes of benchmarking new hardware and/or software; and to modify the software and documentation or combine it with other software, provided that the unmodified portions shall remain subject to these restrictions.
5. Commercial Computer Software" may be marked with the Contractor's standard commercial restricted rights legend, but the schedule contract and schedule pricelist, including this clause, "Utilization Limitations" are the only governing terms and conditions, and shall take precedence and supersede any different or additional terms and conditions included in the standard commercial legend.

## **5.6 SOFTWARE CONVERSIONS - (132-32 AND 132-33)**

As a general rule, IBM does not offer full monetary credit to the Government when conversion from one version of the software to another which is made as the result of a change in operating

system, or from one computer system to another; however, IBM offering for the Acquisition of Software Maintenance or Passport Advantage includes terms on version updates for IPLA Licensed Programs. In addition, IBM has a software migration plan for its ICA Program Licensed products which is available under the terms of Single Version Charging. Such terms are stated elsewhere in this Chapter.

## **5.7 DESCRIPTIONS AND EQUIPMENT COMPATIBILITY**

IBM provides a list of software products and their description in this pricelist. Additional details regarding the IBM software products can be found on IBM's internet site: [www.ibm.com](http://www.ibm.com).

## **5.8 GENERAL INFORMATION**

Under these terms and conditions, IBM will (1) furnish licensed programs to the Government, (2) furnish materials in support of such licensed programs, and (3) provide program services (offerings), as described herein. The Government agrees with respect to the licensed programs to accept the responsibility for (1) their selection to achieve the Government's intended results, (2) their installation, (3) their use, and (4) the results obtained there from. The Government also has the responsibility for the selection and use of, and results obtained from, any other programs, programming equipment, or services used with the licensed programs.

None of the licenses granted hereunder nor any of the licensed programs or copies thereof may be sub-licensed, assigned, or transferred between agencies or departments, including military departments without the prior written consent IBM. Any attempt to sub-license, assign, or transfer any of the rights, duties, or obligations under this Special Item 132-33 is void.

IBM is not responsible for failure to fulfill its obligations under this Special Item due to causes beyond its control.

The Government agrees that all of the terms and conditions of this Special Item applicable to restricted materials shall be applicable to materials, regardless of form, labeled "Restricted Materials of IBM" when distributed to the Government.

## **5.9 ORDERS**

Software Acquisition is limited to commercial computer software defined in FAR Part 2.101.

Each order shall list the licensed program(s), feature(s), and/or material(s), and shall show the type and serial of the designated machine(s) on which each program and/or material are to be used, and the location of such machines. The Customer Requested Arrival Date shall be written into the order and the order shall be forwarded to IBM. In the event that IBM can't meet the Customer Requested Arrival Date, IBM shall notify the Government within 30 calendar days from the date of the certified mail receipt or the order receipt date of the Calculated Arrival Date which it can meet. Otherwise, the Customer Requested Arrival Date automatically becomes the Calculated Arrival Date.

## 5.10 RISK OF LOSS

If licensed programs in a tangible form are lost or damaged during shipment from IBM, IBM will replace such licensed programs and program storage media at no additional charge to the Government.

If licensed programs are lost or damaged while in the possession of the Government, IBM will replace such licensed programs at the then current commercial charges, if any, for processing, distribution, and/or program storage media. Such charges will be outside the scope of this Contract.

## 5.11 COMPLIANCE VERIFICATION

Upon reasonable notice, IBM may verify the Government's compliance with License terms at all sites and for all environments in which the Government uses (for any purpose) Programs subject to the License Terms, and the data and other information affecting the calculation of charges provided under any order. Such verification will be conducted in a manner that minimizes disruption to the Government and may be conducted on the Government's premise, during normal business hours. The Government agrees to i) provide records, system tools outputs, and other electronic or hard copy system information reasonably necessary for such verification.

IBM's right to verify Government's usage data and other information affecting the calculation of charges also includes the right to verify Government's compliance with terms of the IPLA and ICA License Terms (including applicable Attachments, Addendums, and Transaction Documents). IBM may use an independent auditor to assist with such verification, provided IBM has a written confidentiality agreement in place with such auditor. Government agrees to create, retain, and provide to IBM and its auditors written records, system tools outputs, and other system information sufficient to provide auditable verification that Government's use, installation and running or executing IBM Programs complies with the terms of the Government's Agreement, including IBM's applicable licensing and pricing qualification terms. IBM agrees to use personnel with appropriate security clearances when required. IBM will notify the Government in writing if any such verification indicates that the Government is not in compliance with the terms of the Agreement. IBM will invoice You for any additional charges to which You become obligated as determined by an audit. The provisions in this paragraph shall remain in effect during the term of this Agreement and for a reasonable time thereafter to confirm deployment and use of the Licensed Programs during the term of this Agreement.

### 5.11.1 CIRCUMVENTION OF TECHNOLOGICAL MEASURES

The Government will not directly or indirectly, by or through any means, (i) Circumvent or attempt to Circumvent any Technological Measures in an IBM Product or use a third party product to do so, or (ii) in any way access, or attempt to access or use, Unauthorized Built-in Capacity.

## 5.12 CHARGES, INVOICES, AND PAYMENTS

The charges applicable to each licensed program may be a one-time charge, an upgrade charge, a periodic charge and any initial or process charge.

One-time and recurring charges may be based on measurements of actual or authorized use (for example, number of users or processor size). The Government agrees to provide actual usage data if IBM specifies. If the Government changes its environment such that it impacts use charges (for example, change to processor size or configuration for Programs), the Government agrees to promptly notify IBM and provide a modification for any applicable charges. IBM does not give credits or refunds for charges already due or paid. In the event that IBM changes the basis of measurement, its terms for changing charges will apply.

### **Initial License Charge (ILC):**

In addition to some programs which have a monthly license charge, an ILC charge will apply. The ILC is billed along with the first MLC invoice (see Periodic Charges below).

### **One time Charges (OTC):**

For new program license orders, in the event a price increase occurs from the date of signature on the delivery order to the date of receipt by IBM, IBM will honor the lower price of the order if received within the validity date on the proposal quote or if the order was received within 15 days of the signature date on the delivery order. Should the order be received after the validity date of the proposal or the 15 day period, a new or modified order will be required that reflects the current catalog price. IBM will invoice the Government for OTC software products upon shipment.

### **Periodic Charges:**

#### **System z Platform Programs:**

Recurring charges for System z platform programs, which may be monthly license charges (MLC) or annual license charges (ALC), will be calculated in full calendar month increments.

For new installations and product alterations (other than discontinuances) occurring on the first of a month, charges will begin immediately.

For new installation and products alterations occurring after the first day of the month, charges will begin the first day of the month after installation.

Products discontinued the first of a month or during a month will be charged through to the end of the month.

#### **NON System z Platform Programs:**

Other platform programs with recurring charges (MLC or ALC charges) will begin billing upon the Date of Installation. If applicable, charges will be prorated based on a thirty (30) day month.

#### **All Platform Programs:**

Charges for renewal(s) of licensed programs which have been withdrawn from marketing are specified in this price list.

Charges will be invoiced at the end of the period for which the charges accrue.



For new program license orders, in the event a price increase occurs from the date of signature on the delivery order to the date of receipt by IBM, the periodic charge shall be the charge in effect upon the Date of Installation.

**Primary License Charge (PLC):**

A Primary License Charge applies to programs which are billed as an Annual License Charge. The PLC is billed as a one time charge upon the Date of Installation of the licensed program.

**Program Upgrade Charge:**

For selected licensed programs, IBM may designate a replacement program which is normally a new version of an existing program. If the product was offered as OTC, the replacement version may be offered for a Program Upgrade Charge, which is a one-time charge that is less than the full OTC amount.

The Government may qualify for the Program Upgrade Charge, if the prior version of the licensed program is discontinued upon installation of the new version.

**Process Charge:**

A process charge is usually a distribution charge or media charge for machine-readable materials.

Charges will be due upon receipt by the Government of the licensed programs to which such charges apply and are not refundable.

**Payment:**

Per FAR 52.212-4 payment is due in accordance with the Prompt Payment Act.

In the event that the Government is of the opinion that any charges or credits on an invoice are not billed properly, every effort should be made to promptly pay the portion of the invoice not in question and give detailed written notice to IBM concerning the items in question.

### **5.13 CROSS FISCAL YEAR FUNDING**

IBM will accept orders which cross fiscal years provided the ordering agency's specific appropriation authority provides for funds in excess of a 12 month (fiscal year) period. The Government's purchase order shall specify the availability of funds and the period for which funds are available.

### **5.14 LICENSE AGREEMENT FOR ICA PROGRAMS**

Upon acceptance of a Government order, IBM grants a non-exclusive, non-transferable license to use the ICA Program. The Government customer is not authorized to transfer the ICA Programs, unless authorized by IBM. The ICA Programs are owned by International Business Machines Corporation, one of its subsidiaries, or a third party and are copyrighted and licensed (not sold).

### 5.14.1 AUTHORIZED USE

Under each license, IBM authorizes the Government to:

- a. run or execute the ICA Program only on the Designated Machine as specified herein
- b. use the ICA Program to the extent of the Government's authorization obtained for the Program(s),
- c. solely in support of the level of use authorized by IBM, make and install copies of the ICA Program, on the following: (i) the Designated Machine, and (ii) on an additional Designated Machine, for backup purposes, if the ICA Program is not performing productive work (including, without limitation, production, development, test, program maintenance, mirroring, etc.) on such additional Designated Machine; provided that the Government reproduces the copyright notices and any other legends of ownership on each copy or partial copy, and
- d. use any portion of the ICA Program IBM (1) provides in source form, or (2) marks restricted (for example, marked "Restricted Materials of IBM") only to --
  1. resolve problems related to the use of the Program, and
  2. modify the ICA Program so that, while not otherwise violating the terms herein, it will work together with other products.

### 5.14.2 GOVERNMENT'S ADDITIONAL OBLIGATIONS

**For each ICA Program, the Government agrees to:**

- a. provide IBM with the type/model and serial number of the Designated Machine, and provide advance written notice and the effective date of any change from one Designated Machine to another Designated Machine;
- b. comply with any additional or different terms in its Licensed Program Specifications or another Attachment, Transaction Document may contain, including other offerings stated herein;
- c. ensure that anyone who uses the Program (accessed either locally or remotely) does so only for the Government's authorized use and complies with terms regarding ICA Programs; and
- d. maintain a record of all copies and provide it to IBM at its request.

### 5.14.3 ACTIONS THE GOVERNMENT MAY NOT TAKE

For each ICA Program, the Government agrees not to:

- A. modify the ICA Program except as IBM expressly allows, as stated in these terms;
- B. sublicense, assign, rent, or lease the ICA Program or transfer it to any third party or between agencies or departments including military departments; or
- C. Reverse assemble, reverse compile, otherwise translate, or reverse engineer the ICA Program unless expressly permitted by applicable law without the possibility of contractual waiver.

#### 5.14.4 DATE OF INSTALLATION

For a Program:

- A. basic license: The second business day after the Program's standard transit allowance period,
- B. copy, the date specified in a Transaction Document (IBM proposal/quote), on which IBM authorizes the Government to make a copy of the Program; and
- C. chargeable component (also called a feature), the date the Government uses the chargeable component or a copy. The Government agrees to notify IBM of a chargeable component's Date of Installation.

#### 5.14.5 ACCEPTANCE

- A. On the second business day after the Program's standard transit allowance period, or receipt of the Program, if earlier.
- B. For process charges, the date the materials for which the process charges apply are received by the Government.

Notwithstanding anything herein to the contrary, the parties agree as follows:

- (i) the ordering activity may negotiate an extension regarding the time of acceptance before issuing a delivery order; and (ii) the parties may mutually agree on the acceptance period for overseas orders.

#### 5.14.6 WARRANTY

IBM warrants that each ICA Program, which is designated in the Price List as warranted, when used in the Specified Operating Environment, will conform to its Specifications.. During the warranty period, IBM provides defect-related Program Services without charge. Program Services are available for warranted ICA Program for at least one year following its general availability. The warranty period for an ICA Program expires when its Program Services are no longer available. **EXTENT OF WARRANTY/ITEMS NOT COVERED BY WARRANTY**

The warranties stated herein will not apply to the extent there has been misuse (including, but not limited to, use of any Unauthorized Built-in Capacity or Circumvention of Technological Measures),, accident, modification, unsuitable physical or operating environment, operation in other than the Specified Operating Environment, improper maintenance by the Government or a third party, or failure or damage caused by a product for which IBM is not responsible

**THESE WARRANTIES ARE YOUR EXCLUSIVE WARRANTIES AND REPLACE ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

IBM does not warrant uninterrupted or error-free operation of a Product or Service or warrant that all defects will be corrected.

IBM's Warranty for ICA Programs does not extend to an ICA Program that is run or executed on other than a Designated Machine.

Unless specified in an Attachment or Transaction Document, IBM provides Project Materials and non-IBM products (including those provided with, or installed on, an IBM Machine at the Government's request), and non-IBM Services, without warranties of any kind. However, non-IBM manufacturers, developers, suppliers, or publishers may provide their own warranties to you. Warranties, if any, for Other IBM Programs and Non-IBM Programs may be found in their license agreements.

#### **5.14.6.1 REMEDIES**

If an ICA Program does not function as warranted during the first year after the Government obtains its license, and IBM is unable to make it do so, the Government may return the ICA Program the charges the Government paid for the license will be refunded. To be eligible, the Government must have obtained its license while Program Services (regardless of the remaining duration) were available for the Program.. Additional terms regarding Program Services are elsewhere in this ICA section.

#### **5.14.7 DISTRIBUTED SYSTEM LICENSE OPTION**

A. For some ICA Programs the Government may make a copy under a Distributed System License Option (called a "DSLO" copy). IBM charges less for a DSLO license than for a Basic license. For each DSLO License, the Government agrees to do the following:

1. have a Basic license for the Program;
2. provide problem documentation and receive Program Services (if any) only through the location of the Basic License; and
3. distribute to, and install on, the DSLO's Designated Machine any new release, correction or bypass provided by IBM to the Basic License.

B. Unless the Government designates another Basic License, notice of discontinuance of a Basic License shall be notice of discontinuance of all DSLO licenses for that Basic License.

#### **5.14.8 LICENSE TERMINATION**

The Government may terminate the license for an ICA Program at any time by providing IBM at least one month's written notice.

If an ICA Program license is terminated, the Government's authorization to use the ICA Program is also terminated. The Government agrees to promptly destroy all copies of the Program. For each ICA Program license that the Government acquired for a one-time charge, a replacement license may be acquired for an upgrade charge, if available. When the Government obtains a license for such replacement ICA Program, the license of the replaced ICA Program is terminated when charges become due, unless IBM specifies otherwise.

IBM may exercise its rights to discontinue any license upon written notice if the Government fails to comply with any of the terms and conditions of this Special Item, subject to the Contract Disputes Act and FAR 52.233-1 (Disputes). Such discontinuances will terminate the Government's authorization to use the Program.

Notice should also be provided for a discontinuance which occurs at the end of the fiscal year, but failure to give notice shall not be deemed as obligating the succeeding fiscal year's funds. All orders automatically terminate on September 30; however, ordering offices are instructed to notify IBM in writing one month prior to the expiration of the order if the license is to be discontinued at the end of the fiscal year. Renewal of an order under the new fiscal year will be required if the license is to be continued.

#### 5.14.9 PROGRAM SERVICES

Program Services are defect correction information, restrictions, or bypasses that IBM provides for the unmodified portion of the current release of a warranted ICA Program for at least one year following its general availability. If IBM can reproduce the Government's reported problem in the Specified Operating Environment, IBM will issue defect correction information, a restriction, or a bypass. IBM provides Program Services for only the unmodified portion of a current release of an ICA Program. Program Services are provided 1) on an on-going basis (with at least six months' written notice before IBM terminates Program Services, 2) until the date IBM specifies, or 3) for a period IBM specifies.

### 5.15 IBM PROGRAM LICENSE AGREEMENT (IPLA)

#### LICENSED DETAILS FOR "OTHER IBM PROGRAMS" (i.e. OTC SOFTWARE, DISTRIBUTED SOFTWARE)

The license details below are for certain products within IBM's Schedule designated with a "P" in the License Type category of the software pricelist or the Licenses within the Passport Advantage pricelist. By downloading, installing, copying, accessing, or using the Program, the Government (Licensee) agrees to the terms stated herein. If the Government does not agree to these terms:

- Do not download, install, copy, access, click on an "accept" button, or use the Program; and
- Promptly return the unused media, documentation, and Proof of Entitlement to the party from who it was obtained for a refund of the amount paid. If the Program was downloaded, destroy all copies of the Program.

#### Definitions

**"Authorized Use"** – the specified level at which the Government is authorized to execute or run the Program. That level may be measured by number of users, millions of service units ("MSUs"), Processor Value Units ("PVUs"), or other level of use specified by IBM.

**"IBM"** - International Business Machines Corporation or one of its subsidiaries.

**"License Information"** ("LI") – a document that provides information and any additional terms specific to a Program. The Program's LI is available at <http://www.ibm.com/software/sla>. The

LI can also be found in the Program's directory, by the use of a system command, or as a booklet included with the Program.

**“Program”** – the following, including the original and all whole or partial copies; 1) machine-readable instructions and data, 2) components, files, and modules, 3) audio-visual content (such as images, text, recordings, or pictures), and 4) related licensed materials (such as keys, and documentation).

**“Proof of Entitlement”** – evidence of the Licensee's Authorized Use. The PoE is also evidence of Licensee's eligibility for warranty, future update prices, if any, and potential special or promotional opportunities. If IBM does not provide the Licensee with a PoE, then IBM may accept as the PoE the original paid sales receipt or other sales record from the party (either IBM or its reseller) from whom Licensee obtained the Program, provided that it specifies the Program name and Authorized Use obtained.

**“Warranty Period”** – one year, starting on the date the original Licensee is granted the license.

### **Agreement Structure**

The IPLA consists of the terms and conditions as stated herein, the General terms of Chapter 1 of this Contract, the LI, and the PoE and is the complete agreement between the Government and IBM regarding the use of the Program. It replaces any prior oral or written communication between the Government and IBM concerning the Government's use of the Program. The terms of the LI may replace or modify sections of this IPLA. It is anticipated that changes to the LI and other IBM policies will not result in terms inconsistent with Federal law. If the terms of the LI replace or modify terms of this IPLA, the Government has a right to review any additional or different terms before acceptance.

### **Acceptance**

The Government's acceptance of a Program is the earlier of the second business day after the Program's standard transit allowance period, or receipt of the Program, or when IBM provides the Government authorization to download the product via the Proof of Entitlement.

Notwithstanding anything herein to the contrary, the parties agree as follows:

(i) the ordering activity may negotiate an extension regarding the time of acceptance before issuing a delivery order; and (ii) the parties may mutually agree on the acceptance period for overseas orders.

#### **5.15.1 LICENSE GRANT**

The Program is owned by IBM or an IBM supplier, and is copyrighted and licensed, not sold.

#### **Use of the Program:**

IBM grants to the Government a nonexclusive license to:

- 1) Use the Program up to the Authorized Use specified in the PoE,
- 2) Make and install copies to support such Authorized Use, and
- 3) Make a backup copy, all provided that:

- a. The Government has lawfully obtained the Program and complies with the terms of this Agreement;
- b. the backup copy does not execute unless the backed-up Program cannot execute;
- c. the Government reproduces all copyright notices and other legends of ownership on each copy, or partial copy of the Program.
- d. The Government ensures that anyone who uses the Program (accessed either locally or remotely) does so only on the Government's behalf and complies with the terms stated herein.
- e. The Government does not 1) use, copy, modify, or distribute the Program except as expressly permitted in this IPLA Agreement; 2) reverse assemble, reverse compile, or otherwise translate, or reverse engineer the Program except as expressly permitted by law without the possibility of contractual waiver, 3) use any of the Program's components, files, modules, audio-visual content, or related licensed materials separately from that Program; or 4) sublicense, rent, or lease the Program and
- f. if the Government obtains this Program as a Supporting Program, Government uses this Program only to support the Principal Program and subject to any limitations in the license to the Principal Program, or if Government obtains this Program as Principal Program, Government uses all Supporting Programs only to support this Program, and subject to any limitations in this IPLA Agreement. For purposes of this Item f. a "Supporting Program" is a Program that is part of another IBM Program ("Principal Program") and identified as a Supporting Program in the Principal Program's LI. (To obtain a separate license to a Supporting Program without these restrictions, the Government should contact IBM or the party from whom the Government obtained the Supporting Program.)

This license applies to each copy of the Program that the Government makes.

### **Program Transfer**

The Government may transfer a Program and all the Government's license rights and obligations to another party only if that party agrees to the terms of the IPLA. If the license is terminated for any reason by either party, the Government is prohibited from transferring the Program to another party. When the Government transfers the Program, it must also transfer a copy of the IPLA terms and conditions including the LI, and the Proof of Entitlement for the Program. The Government may not transfer a portion of 1) the Program or 2) the Program's Authorized Use. Immediately after the transfer, the current Government's license terminates.

### **Limitation of Liability**

See the Limitation of Liability terms in Chapter 1 of this Schedule.

## **5.15.2 TRADE-UPS, UPDATES, FIXES, AND PATCHES**

### **5.15.2.a Trade-ups**

If the Program is replaced by a trade-up Program, the replaced Program's license is promptly terminated.

### **5.15.2.b Updates, Fixes, and Patches**

When the Government receives an update, fix, or patch to a Program, the Government has a right to review any additional or different terms that are applicable before accepting such update, fix, or patch that are specified in its LI. If no additional or different terms are provided, then the update, fix, or patch is subject solely to the terms stated herein for the IPLA Agreement. If the Program is replaced by an update, the Government agrees to promptly discontinue use of the replaced Program.

### **5.15.3 FIXED TERMS LICENSES**

If IBM licenses the Program for a fixed term, the Government's license is terminated at the end of the fixed term unless the Government provides a funded delivery order to renew it.

### **5.15.4 MONEY-BACK GUARANTEE**

If the Government is dissatisfied with the Program for any reason and is the original Licensee, the Government may terminate the license and obtain a refund of the amount the Government paid for the Program, provided the Government returns the Program and PoE to IBM or the party from who the Government obtained it within 30 days of the date the PoE was issued to the Government. If the license is for a fixed term that is subject to renewal, then the Government may obtain a refund only if the Program and its PoE are returned within the first 30 days of the initial term. If the Government downloaded the Program, the Government should contact IBM or the party from who the Program was acquired, for instructions on how to obtain the refund.

### **5.15.5 WARRANTY**

#### Limited Warranty

IBM warrants that the Program when used in its specified operating environment will conform to its specifications. The Program's specifications, and specified operating environment information, can be found in documentation accompanying the Program (such as a read-me file) or other information published by IBM (such as an announcement letter).

The warranty applies only to the unmodified portion of the Program. IBM does not warrant uninterrupted or error-free operation of the Program or that IBM will correct all Program defects. The Government is responsible for the results obtained from the use of the Program.

During the Warranty Period IBM provides the Government with access to IBM databases containing information on known Program defects, defect corrections, restrictions, and bypasses at no additional charge. Consult the IBM Software Support Handbook for further information at <http://www.ibm.com/software/support>.

If the Program does not function as warranted during the Warranty Period and the problem cannot be resolved with information available in the IBM databases, the Government may return the Program and its POE to IBM, or the party from who the Government obtained the Program



(e.g., IBM Reseller), and receive a refund of the amount the Government paid. After returning the Program, the Government's license terminates. If the Government downloaded the Program, the Government should contact IBM, or the party from whom the Program was obtained, for instructions on how to obtain the refund.

### Exclusions

**THESE WARRANTIES ARE THE GOVERNMENT'S EXCLUSIVE WARRANTIES AND REPLACE ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT.**

**THE WARRANTIES IN THIS SECTION (WARRANTY AND EXCLUSIONS) ARE PROVIDED SOLELY BY IBM. THE DISCLAIMERS IN THE SECTION EXCLUSIONS, HOWEVER, ALSO APPLY TO IBM'S SUPPLIERS OF THIRD PARTY CODE. THOSE SUPPLIERS PROVIDE SUCH CODE WITHOUT WARRANTIES OR CONDITIONS OF ANY KIND. THIS PARAGRAPH DOES NOT NULLIFY IBM'S WARRANTY OBLIGATIONS UNDER THIS IPLA AGREEMENT.**

#### 5.15.6 LICENSEE DATA AND DATABASES

To assist the Government in isolating the cause of a problem with the Program, IBM may request that the Government 1) allow IBM to remotely access the Government's system or 2) send the Government's information or system data to IBM. However, IBM is not obligated to provide such assistance unless, IBM and the Government enter a separate written agreement under which IBM agrees to provide to the Government that type of technical support which is beyond IBM's warranty obligations in this IPLA Agreement. In any event, IBM uses information about errors and problems to improve its products and services, and assist with its provision of related support offerings. For these purposes, IBM may use IBM entities and subcontractors (including in one or more countries other than the one in which Licensee is located), and Licensee authorizes IBM to do so.

The Government remains responsible for 1) any data and the content of any database the Government makes available to IBM, 2) the selection and implementation of procedures and controls regarding access, security, encryption, use, and transmission of data (including any personally-identifiable data), and 3) backup and recovery of any database and any stored data. The Government will not send or provide IBM access to any personally-identifiable information, whether in data or any other form. IBM will not be responsible for any cost that may incur relating to any such information mistakenly provided to IBM or the loss or disclosure of such information by IBM, including those arising out of any third party claims.

#### 5.15.7 COMPLIANCE VERIFICATION

See Compliance Verification terms under 5.11 of this Chapter. For the purposes of the IPLA Agreement the License terms means 1) the terms of this IPLA Agreement and applicable

amendments and transaction documents provided by IBM, and 2) IBM software policies that may be found at the IBM Software Policy website ([www.ibm.com/softwarepolicies/](http://www.ibm.com/softwarepolicies/)), including but not limited to those policies concerning backup, sub-capacity pricing, and migration.

Resolution – IBM will notify the Government in writing if any such verification indicates that the Government has used any program in excess of its Authorized Use or is otherwise not in compliance with the IPLA Program Terms. IBM will invoice the Government for charges associated with 1) any such excess use, 2) support for such excess use for the lesser of the duration of such excess use or two years, and 3) any additional charges as a result of such non-compliance.

### **5.15.8 THIRD PARTY NOTICES**

The Program may include third party code that IBM, not the third party, licenses to the Government under this IPLA Agreement. Notices, if any, for the third party code (“Third Party Notices”) are included for the Government’s information only. These notices can be found in the Program’s NOTICES file(s). Information on how to obtain source code for certain third party code can be found in the Third Party Notices. If in the Third Party Notices IBM identifies third party code as “Modifiable Third Party Code”, IBM authorizes the government to 1) modify the Modifiable Third Party Code and 2) reverse engineer the Program modules that directly interface with the Modifiable Third Party Code provided that it is only for the purpose of debugging the Government’s modifications to such third party code. IBM’s service and support obligations, if any, apply only to the unmodified Program.

### **5.15.9 CHARGES**

The amount payable for a Program license is a one-time charge. Charges are based on Authorized Use obtained which is specified in the POE. If the Government wishes to increase its Authorized Use, the Government must issue IBM a Delivery Order for the additional charges, as applicable charges. IBM does not give refunds or credits for charges already due or paid.

### **5.15.10 TERMINATION**

Subject to the Contract Disputes Act and FAR 52.233-1 (Disputes), IBM may terminate the Government's license if it is determined the Government failed to comply with the terms stated herein. If either party terminates the license, the Government must destroy all copies of the Program. Any terms of this IPLA that by their nature extend beyond the termination of the Program remain in effect until fulfilled and apply to both party’s respective successors and assignees.

### 5.15.11 GENERAL

Neither party is relying on any representation not specified in this IPLA Agreement, including but not limited to any representation concerning: 1) the performance or function of the Program, other than as expressly warranted in the Warranty section above; 2) the experiences or recommendations of other parties; or 3) any results or savings that the Government may achieve.

Neither party is relying on any representation not specified in the IPLA terms, including but not limited to any representation concerning: 1) the performance or function of the Program, other than as expressly warranted per the terms above; 2) the experiences or recommendations by other parties; or 3) any results or saving that Licensee may achieve.

### 5.15.12 AGREEMENT FOR THE ACQUISITION OF SOFTWARE MAINTENANCE

The terms and conditions below govern the acquisition of software maintenance (SWM), which may also be referred to as subscription and support (S&S) in connection with IBM System z Programs. Software Maintenance is available when purchasing IPLA Software licenses outside of the Passport Advantage Offering. The terms of the IPLA are provided above.

The Acquisition of Software Maintenance in quantities greater than the number for which the Government is licensed does not create or imply any greater license authorization.

IBM will provide software maintenance support, as described below, for those Eligible Programs for which you are licensed and for which you acquire this Service.

#### **I. Acquisition of Software Maintenance with your Initial License Purchase**

For new license purchases, Software Maintenance is one year, or the period IBM specifies in the Proof of Entitlement which accompanies new license purchases, or other document that IBM provides to the Government, beginning on the date of acquisition and ending on the same day of the corresponding month of the following year.

#### **1) Software Maintenance for Programs running in the System z environment or equivalent**

1. Eligible Programs: Licensed Programs for which Support and Subscription is available are listed at [www-1.ibm.com/servers/eserver/zseries/library/swpriceinfo/](http://www-1.ibm.com/servers/eserver/zseries/library/swpriceinfo/). Click on IPLA Subscription and Support Addenda. Specific products available under this GSA Schedule can be found under IBM's Software pricelist
2. S&S Period: One year. When the Government orders S&S with a Program, the initial Support Period begins on the date that IBM makes the Program available to you.
3. Early Termination of an S&S Period for a Program: While the Government may terminate an S&S period, IBM does not issue credit for the unused portion of a Support Period.
4. S&S Period Adjustment: When Government acquires S&S initially or resumes it, or prior to the end of the then current S&S Period for renewals, you may request that the Support Period duration be adjusted to end at a month of Government's choice. If Government does not choose a date, IBM will inform Government of the end date. The S&S Charge will be prorated accordingly.

5. S&S : During the S&S Period, for the unmodified portion of a Program, and to the extent problems can be recreated in the specified operating environment, IBM will provide the following:

- a. Defect correction information, a restriction, or a bypass;
- b. Program Updates: periodic releases of collections of code corrections, fixes, functional enhancements and new versions and releases to the Program and documentation; and
- c. Technical Assistance: a reasonable amount of remote assistance via telephone or electronically to address suspected Program defects. Technical assistance is available from the IBM support center. Additional details regarding Technical Assistance, including IBM contact information (see Appendix C: Contact Information) are provided in the Software Support Handbook at <http://www14.software.ibm.com/webapp/set2/sas/f/handbook/home.html>

S&S does not include assistance for 1) design and development of applications, 2) Customer's use of Programs in other than their specified operating environment, or 3) failures caused by products for which IBM is not responsible for under these terms.

S&S is provided only if the Program is within its support timeframe as specified in the Software Lifecycle policy for the Program.

- d. Resumption Fee: A charge to resume S&S after the Government either (a) declined S&S at the time the Government acquired the license for a Program or (b) terminated S&S. This charge is equal to the total of all S&S charges that you would have paid during the lapse interval. S&S Period in such an instance begins on the date that IBM accepts the Government's order.
- e. S&S Upgrade: If the Government upgrades S&S due to an increase in the level of use of an Eligible Program, any increase to the S&S Charge will be pro-rated to the end of the current S&S Period.

**Renewal:** IBM will renew expiring software maintenance provided a funded delivery order is received by the end of the S&S Period. Subsequent S&S Period begins on the day following the end of the preceding S&S Period.

## **2) Programs running on IBM distributed platforms (e.g. IBM Power Systems, IBM System i, IBM System p, IBM System Storage or equivalent)**

IBM will provide software maintenance support, as described below, for those Eligible Programs for which Government is licensed and for which you acquire this Service.

1. Eligible Programs: Unless otherwise provided by IBM, Eligible Programs for which Software Subscription and Support is available at: [www.ibm.com/servers/eserver/series/sftsol/subscript2.htm](http://www.ibm.com/servers/eserver/series/sftsol/subscript2.htm).
2. Initial Software Maintenance Period: The initial Software Maintenance Period begins on the date that IBM makes the Program available to the Government. If the Eligible Program is part of an IBM Software Maintenance for OS/400, i5/OS or IBM i, and selected Programs, then the Initial Software Maintenance Period duration will be adjusted so that the expiration

coincides with that of the other Eligible Programs in the group. In such event, the Initial Software Maintenance Period may be less than one year.

3. Early Termination of an S&S Period for a Program: While the Government may terminate an S&S period, IBM does not issue credit for the unused portion of a Support Period.
4. Renewal: IBM will renew expiring software maintenance per the terms of section 5.15.12 II, Terms for Software Subscription and Support Renewal offered via ServiceElite, provided a funded delivery order is received by the end of the Support Period. Subsequent Support Periods begin on the day following the end of the preceding Support Period. If the Government does not renew Software Maintenance by the expiration date of the Software Maintenance Period but subsequently wishes to acquire Software Maintenance, a Software Maintenance After License Fee, as set forth below (Item 6), will apply.
5. Software Maintenance: During the initial Software Maintenance Period:
  - a. IBM makes available to the Government the most current commercially available version, release, or update to all of the Eligible Programs for which the Government acquires Software Maintenance, in the specified operation environment as make available. For Power Systems, System i, and System p Programs, the Government may obtain upgrades to any more recent commercially available version, release or update. The Government's right to upgrade to a new version, release or update under this subsection may only be exercised during the Software Maintenance Period and expires at the end of the Period if Software Maintenance is not renewed.
  - b. IBM provides Government with technical assistance for Government's a) routine, short duration installation and usage (how-to) questions and b) code defect related questions.
  - c. IBM provides assistance via telephone and, if available, electronic access, only to your information systems (IS) technical support personnel during normal business hours (normal business hours are 8 a.m. to 5 p.m. in the local time zone where you receive this Service, Monday through Friday, excluding national holidays). This assistance is not available to Government's end users. IBM provides Severity 1 assistance 24 hours a day, every day of the year. Additional details regarding assistance including the definition of severity 1 are provided in the Software Support Handbook at [www.14.software.ibm.com/webapp/set2/sas/f/handbook/home.html](http://www.14.software.ibm.com/webapp/set2/sas/f/handbook/home.html).
  - d. Software Maintenance does not include assistance for a) the design and development of applications, b) Government's use of Eligible Programs in other than their specified operating environment, or c) failures caused by products for which IBM is not responsible under this Service.
  - e. Software Maintenance is only available if the Program is within its support timeframe as specified in the Software Support Lifecycle policy for the Program found at <http://www-01.ibm.com/software/support/lifecycle/>
6. Software Maintenance After License Fee: which may be referred to as "Maintenance After License" or "MAL" in connection with System i platforms and as "After License Charge" or "ALC" in connection with System p platforms):

The Software Maintenance After License fee is a one time charge to resume Software Maintenance if Government a) did not renew this Service prior to the end of the then

current support period or b) terminated this Service. The new Software Maintenance Period begins on the date that IBM accepts Government's order.

The Software Maintenance After License Fee applies when Customer acquires a used Power Systems, System i, or System p machine and wishes to acquire Software Maintenance for OS/400, i5/OS, and selected Programs, unless

- (i) the machine has the most current version and release of the appropriate operating system installed; and
- (ii) Customer acquires Software Maintenance within 30 days of Customer's acquisition of the machine.

The Software Maintenance After License Fee applies when Customer acquires a used Power Systems, System i, or System p machine and wishes to acquire Software Maintenance for the AIX operating system or AIX selected Programs unless

- (iii) the machine has a current version and release of the AIX operating system or AIX selected Programs installed and
- (iv) Customer acquires Software Maintenance within 30 days of Customer's acquisition of the machine.

For Software Maintenance for other Eligible Programs not otherwise covered by this subsection, a Software Maintenance After License Fee may apply to Customers acquiring used Power System, System i, or System p machines.

7. Software Maintenance Transferability: The Government may transfer Software Maintenance only to a location that is within its agency or department, provided that 1) the applicable Program is transferable and is transferred in accordance with its license terms and 2) the entity receiving the Program agrees to the terms herein. Transferring between agencies or military departments requires prior written consent from IBM.

Transfer of IBM Software Maintenance for Power System i and System p machines: in addition to the above the following also applies:

- a. applies to a designated machine (type, model and serial number);
- b. may be transferred only to another machine that is licensed for the same operating system at the same or a more recent release level; and
- c. may incur an increase in the Software Maintenance Charge if the "transferred to" machine is of a larger capacity.

### 3) Charges

If the Government returns an Eligible Program for refund as allowed under its license terms, IBM will terminate, and refund any charges paid for, Software Maintenance ordered with the Program. IBM does not give refunds for Software Maintenance without the return of the associated Eligible Program.

- a. Charges are billed as a one-time charge at time of purchase.

- b. The Software Maintenance Charge may vary, depending on, for example, the machine (type/model), the Eligible Program or group of Eligible Programs, or level of use of the Eligible Program.

#### 4) Government Responsibilities

The Government agrees that when the Government acquires Software Maintenance for an Eligible Program:

- a. To acquire Software Maintenance at the same level of use as that at which the Eligible Program is authorized, as well as all copies of the of the Program at the same location. This includes Programs that the Government already acquired and those that you may require subsequently. Partial coverage for a particular Eligible Program is not offered;
- b. To be responsible for the results obtained from the use of the Software Maintenance;
- c. To remain responsible for adequately protecting the Government's system and all data contained in it whenever IBM remotely accesses it with your permission to assist you in isolating the software problem cause;
- d. To provide sufficient, free, and safe access to the Government's facility for the fulfillment of IBM's obligations.
- e. To have specified equipment or programs installed at your location if Software Maintenance is provided through a telecommunications link.

#### 5) Warranty for Software Maintenance

IBM warrants that Software Maintenance will be provided using reasonable care and skill and according to its current description in the IBM Software Support Handbook at <http://www14.software.ibm.com/webapp/set2/sas/f/handbook/home.html>. The Government agrees to provide timely written notice of any failure to comply with this warranty so that IBM can take corrective action.

The warranties will be voided by misuse, accident, modification, unsuitable physical or operating environment, operation in other than the specified operating environment, or failure caused by a product for which we are not responsible.

**THESE WARRANTIES ARE YOUR EXCLUSIVE WARRANTIES AND REPLACE ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

IBM does not warrant uninterrupted or error-free provision of Software Maintenance or that IBM will correct all defects.

#### 6) Termination and Withdrawal

**Termination:** The Government may terminate the Support by providing IBM one month written notice. Such notice should be provided to IBM for termination at the end of the Government's fiscal year/anniversary date for the renewal, but failure to give notice shall not be deemed as obligating the succeeding fiscal year's funds.

If not terminated, a delivery order must be issued effective the first day of the succeeding fiscal year or contract year to ensure there is no lapse in time subjecting the Government to Software Maintenance After License Charge.

IBM may terminate the Support Service if the Government does not comply with the terms of this offer, in accordance with the Disputes Act and FAR 52.233-1, Disputes.

**Withdrawal:** IBM may withdraw Software Maintenance for an Eligible Program by publishing a notice of withdrawal not less than 12 months prior to its effective date. If IBM withdraws Software Maintenance for which the Government has paid and IBM has not fully provided it to the Government, at its discretion IBM will either continue to provide Software Maintenance to the Government until the end of the current Software Maintenance Period or give the Government a prorated refund. Acquisition of Software Maintenance does not extend the period for which an Eligible Program is supported.

## 7) Additional Terms

- a. To assist the Government in isolating the cause of a software problem, IBM may ask the Government to, 1) allow IBM to remotely access the Government's system or 2) send customer information or system data to IBM. IBM uses information about errors and problems only to improve its products and services and assist with its provision of Software Maintenance. IBM may use subcontractors and IBM entities in other countries for these purposes.
- b. The Government remains responsible for 1) any data and the content of any database the Government makes available to IBM, 2) the selection and implementation of procedures and controls regarding access, security, encryption, use, transmission of data (including any personally-identifiable data), and 3) backup and recovery of the database and any stored data. The Government will not send or provide to IBM access to personal information.
- c. All information exchanged is non confidential.

This Agreement is the complete agreement regarding Customer's acquisition of Software Maintenance, and replaces any prior oral or written communications between Customer and IBM concerning Software Maintenance. In entering into this Agreement, neither party is relying on any representation that is not specified in this Agreement including without limitation any representations concerning: 1) performance or function of any product or system, other than as expressly warranted in the section above; 2) the experiences or recommendations of other parties; or 3) results or savings Customer may achieve. Additional or different terms regarding this offering identified in a Government Delivery Order, unless provided in an IBM proposal or quote, are void.

## II. Terms for Software Subscription and Support Renewal ("Software Maintenance" or "SWMA") offered via the IBM ServiceElite Offering

**Eligible Programs:** Eligible Programs for which this Service is available are listed at [www.ibm.com/services/supline/products/](http://www.ibm.com/services/supline/products/) may be obtained from your IBM representative. The listing of Eligible Programs contains the last date of service for each respective release. . IBM supports only current releases of Eligible Programs. It is Government's responsibility to ensure that its Eligible Programs are current when requiring service



## 1) IBM Responsibilities

When you contract for an applicable Service, IBM agrees to deliver the Service in accordance with the terms and responsibilities identified in the Service description set out herein.

### 2) Government Responsibilities

- a. to provide IBM with the inventory of Eligible Products to be covered at each Specified Location and to notify IBM of changes;
- b. that all Government notices must be in writing and received by IBM 60 days prior to the effective date of a change, unless otherwise specified;
- c. to limit use of any access codes to electronic diagnostic tools, information databases, or other Service delivery facilities to those authorized to use them under Government's control and only in support of Eligible Products and Services identified in Government's purchase order/ Transaction Document;
- d. to provide IBM with necessary information requested, and keep such information current;
- e. to allow remote access to Government's system to assist in isolating the problem cause. Government remains responsible for adequately protecting its system and all data contained therein whenever IBM remotely accesses it. If Client denies remote access to its system by IBM, IBM may be limited in its ability to resolve the problem. If IBM is unable to resolve the problem without access, IBM will notify Client and close the service call;
- f. that some Services may require the installation and use of remote connectivity tools and equipment for direct problem reporting, remote problem determination and resolution. Any third party communications or connectivity charges are Client's responsibility;
- g. to use the information obtained under these Services only for the support of the information processing requirements within Government's Enterprise;
- h. that Government is responsible for obtaining all necessary permissions to use, provide, store and process content in connection with Services, and grants IBM permission to do the same. Government is responsible for adequate content back-up. Some of Government's content may be subject to governmental regulation or may require security measures beyond those specified by IBM for an offering. Government will not input or provide such content unless IBM has first agreed in writing to implement additional required security measures;
- i. that Services may be performed on-site at Government's specified locations and off-site at IBM locations, and that IBM uses global resources (non-permanent residents used locally and personnel in locations worldwide) for delivery of Services;
- j. to follow the service request procedures that IBM provides, to include installing software updates (downloaded from an IBM web site or copied from other electronic media), and to follow IBM's (or manufacturer's) guidelines pertaining to operator responsibilities, maintenance procedures, and supplies, prior to placing a Service request;
- k. that, with respect to Services, the parties agree to look to their own risk management (including insurance) to cover damage, destruction, loss, theft, or government taking

(collectively, Loss) of their respective tangible property (whether owned or leased) and neither party shall be liable to the other for such Loss except liability for negligence under applicable law; and

1. that Government cannot resell Services or transfer Services to another Machine.

### **3) Mutual Responsibilities**

Each of us will comply with applicable export and import laws and regulations, including those of the United States that prohibit or limit export of certain uses or to certain end users, and each of us will cooperate with the other by providing all necessary information to the other, as needed for compliance. Each of us shall provide the other with advance written notice prior to providing the other party with access to data requiring an export license.

### **4) IBM's Software Maintenance Includes:**

IBM will provide software maintenance support, as described below, for those Eligible Programs for which Government is licensed and for which you order this Service.

#### **General:**

1. IBM makes available to you the most current commercially available version, release or update to all of the Eligible Programs for which Government acquires support in the specified operating environment, as made available. Information on ordering versions, releases or updates can be found at <http://www-05.ibm.com/servers/eserver/ess/OpenServlet.wss>, then select the Entitled Software Update (“ESU”) screen tab.
2. IBM provides Government with assistance for a) routine, short duration installation and usage (how-to) questions and b) code defect related questions.
3. IBM provides assistance via telephone and, if available, electronic access, only to Government’s Information Systems (“IS”) technical support personnel. This assistance is not available to Government’s end users. IBM provides Severity 1 assistance 24 hours a day, every day of the year. Consult the IBM Software Support Guide, which may be found at <http://www14.software.ibm.com/webapp/set2/sas/f/handbook/home.html> for details. A 24x7 (every day of the year) all severity option is available for an extra charge. To assist the Government in isolating the cause of a software problem, IBM may ask the Government to, 1) allow IBM to remotely access the Government’s system or 2) send customer information or system data to IBM. IBM uses information about errors and problems only to improve its products and services and assist with its provision of Software Maintenance. IBM may use subcontractors and IBM entities in other countries for these purposes. If you decline providing remote access to your system by IBM, IBM may be limited in its ability to fully provide the Services necessary to resolve the problem and, if IBM is unable to do so, IBM will notify you and close out the service call.

The Government remains responsible for 1) any data and the content of any database the Government makes available to IBM, 2) the selection and implementation of procedures and controls regarding access, security, encryption, use, transmission of data (including any personally-identifiable data), and 3) backup and recovery of the database and any stored data. The Government will not send or provide to IBM access to personal information.

All information exchanged is non confidential.

4. This Service does not include assistance for a) the design and development of applications, b) your use of Eligible Programs in other than their specified operating environment, or c) failures caused by products for which IBM is not responsible under this Service.
5. This Service is provided solely for Eligible Programs that are located within the United States(USA). For calls that originate from outside of the USA : 1) toll free telephone access is not available, 2) “ local time zone” is defined as the time zone where the Government’s Eligible Programs are installed , Monday through Friday (excluding national holidays), 3) replies or other return communication to the caller will be via a USA telephone number provided by Government or electronic means only, 4) software “traps” or other tools that may be necessary to diagnose problems will be sent only to the USA Eligible Programs location, and 5) the diagnosis and repair of data encryption will be discussed only with personnel at the USA Eligible Program location, and 6) all support will be provided in English only.

**Software Maintenance Transferability:**

The Government may transfer their Software Maintenance only to a location that is within its agency or department provided that 1) the applicable Program is transferable and is transferred in accordance with its license terms and 2) the entity receiving the Program agrees to the terms herein. Transferring between military departments requires prior written consent from IBM.

**Termination:**

The Government may terminate Software Maintenance Service, on one month's written notice, without adjustment charge, provided any of the following circumstances occur:

1. the Government permanently removes the eligible product, for which the Service is provided, from productive use;
2. the eligible location, for which the Service is provided, is no longer controlled by the Government (for example, because of sale or closing of the facility); or
3. the Machine has been under Software Maintenance Services for at least six months and the Government gives IBM one month's written notice prior to terminating the maintenance Service.

For all other circumstances, the Government may terminate Software Maintenance Service on one month's written notice to IBM, but such termination will result in adjustment charges equal to the charges remaining to complete the fiscal year in which termination occurred..

**Renewal:** A delivery order must be issued effective the first day of the succeeding fiscal year or contract year to ensure there is no lapse in time subjecting the Government to a Software Maintenance After License Charge.

**Withdrawal:** IBM may withdraw Software Maintenance for a Program by publishing a notification of withdrawal at [www.ibm.com/software/supportlifecycle](http://www.ibm.com/software/supportlifecycle) not less than 12 months prior to its effective date. If IBM withdraws Software Maintenance for which the Government has provided payment and IBM has not yet fully provided Software Maintenance to you, IBM will either continue to provide Software Maintenance until the end of the current Support Period or give you a prorated refund.

**Warranty:** IBM warrants that Software Maintenance will be provided using reasonable care and skill and according to its current description.

The warranties will be voided by misuse, accident, modification, unsuitable physical or operating environment, operation in other than the specified operating environment, or failure caused by a product for which we are not responsible.

**THESE WARRANTIES ARE YOUR EXCLUSIVE WARRANTIES AND REPLACE ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

IBM does not warrant uninterrupted or error-free provision of Software Maintenance or that IBM will correct all defects.

**Charges:** Charges are billed monthly in arrears for Software Maintenance. Charges for After License Charges are billed as a One-Time-Charge at the time of order.

**Software Maintenance After License Fee:** The Software Maintenance After License fee is a one time charge to resume Software Maintenance if you a) did not renew this Service prior to the end of the then current support period or b) terminated this Service. The new support period in such an instance begins on the date that IBM accepts your order.

### 5.15.13 PASSPORT ADVANTAGE

IBM Passport Advantage terms and conditions for Software and Subscription Support are located in Appendix S.

## 5.16 IBM SOFTWARE SUPPORT VIA U.S. CITIZENS

### 1. Service Description

IBM's Software Secure Support via U.S. Citizens covers IPLA software sold via Passport Advantage, and AIX Operating System programs Software Maintenance support. This offer complements the Government's prerequisite IBM base software support service by providing standard IBM software support exclusively by U.S. citizens who are located in the United States.

### 2. Passport Advantage Software Secure Support via US Citizen Terms

IBM Secure Support begins on the date of acquisition and ends on the last day of the corresponding month in the following year, unless the date of acquisition is the first day of the month, in which case coverage ends on the last day of the month, 12 months from the date of acquisition.

IBM Software Subscription and Support must stay in effect for the IBM Secure Support to be active. While IBM Secure Support is in effect:

- IBM provides U.S. Citizen support via telephone, only to your information systems (IS) technical support personnel during the hours of 8 AM Eastern to 8 PM Eastern, Monday through Friday, but excluding U.S., location, IBM and public holidays. A Service Request

will be created and placed in an incoming queue which is managed and handled by a U.S. citizen.

- Service Requests that are submitted electronically through the web will not be secure and IBM cannot guarantee that a U.S. citizen will handle your electronic request. No sensitive data should be sent by the Customer via this electronic service request tool.
- 24x7 software support for business critical outages is available through a customer’s standard support entitlement. Secure Support is only guaranteed during the hours of 8 AM to 8 PM Eastern, Monday through Friday, excluding U.S., location, IBM and public holidays.
- If the Secure Support Facility is unable to take a call, the customer has the option of having their call handled by Passport Advantage (non-secure) support until the facility is back online.
- IBM provides you assistance for your 1) routine, short duration installation and usage (how-to) questions; and 2) code-related questions ("Support"). Secure Support for a particular version or release of a Program is available only until IBM withdraws Secure Support for that Program's version or release. The IBM "Software Support Lifecycle" policy is available at <http://www-306.ibm.com/software/lotus/support/lifecycle/>. When such Secure Support is withdrawn, you must upgrade to a supported version or release in order to continue to receive such support.
- During the support handling process, IBM U.S. citizen support staff may seek assistance from non-U.S. citizens in IBM development, however, customer data will not be released outside of the Secure Support Facility.
- The Duty Manager will be a U.S. citizen who can assist in addressing an escalation that cannot be handled by the support staff.
- IBM will verify your Subscription and Support entitlement using its standard processes, such verification does not fall under this Secure Support services.

## 2.1 Charges

IBM will charge the following uplift to the Passport Advantage product price or Passport Advantage software subscription and support price for this Software Secure Support service:

License & SW Subscription & Subscription Support	2.2%
Annual SW Subscription and Support renewal	11.0%
Annual SW Subscription and Support Reinstatement	11.0%
Trade Up License and SW Subscription and Support	2.2%

By providing IBM with a funded delivery order, the Customer agrees to purchase IBM’s Software Secure Support via U.S. Citizens for all current and future licenses for the contract period for the Customer’s “Site” as defined by the Passport Advantage terms elsewhere in this Chapter.

Without limiting any other rights or remedies that may be available to IBM, IBM may suspend work in the event payment of any invoice is not paid within thirty (30) days from the Customer’s receipt of the invoice.

## 2.2. Withdrawal of IBM Secure Support via U.S. Citizens

If IBM withdraws IBM Secure Support via U.S. Citizens, you understand that:

- a. IBM will provide a minimum of 12 months notice for such a withdrawal;
- b. IBM will not renew the next annual IBM Software Secure Support term; and
- c. If you renewed IBM Software Secure Support via U.S. Citizens prior to the notice of withdrawal, IBM, at its sole discretion, will either continue to provide secured support to you for Software Product licenses until the end of the then current coverage period or you may obtain a prorated refund.

IBM requires the following Primary Contact information be provided:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Division: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail address: \_\_\_\_\_

## 3. Support via USA Citizens Terms for Software Maintenance One Time Charge Software

In addition to IBM Software Maintenance , under the section in this Chapter titled “Acquisition of Software Maintenance”, the Government may purchase IBM’s Support via USA Citizens. As available for selected Eligible Products, this feature provides standard IBM remote software support delivered and managed exclusively by USA Citizen located in the continental United States. IBM Support via USA Citizens is available via voice support, during prime shift. Each time the Government calls IBM, this process is engaged only after the Government identifies itself as a Support via USA Citizens Client and IBM verifies the Government’s entitlement.

Pricing for this offer may be found under the Software Maintenance pricelist.

## 5.17 SOFTWARE PRICING OPTIONS

Note: These pricing options generally apply to "ICA" Programs.

### 5.17.1 ATTACHMENT IBM SYSTEM Z ADVANCED WORKLOAD LICENSE CHARGES (AWLC)

The terms of this Attachment for IBM System z Advanced Workload License Charges (Attachment) are in addition to those of the ICA. The Government accepts the terms by issuing to IBM a Delivery Order or Contract. Any Programs subject to the terms outlined herein that require z/Architecture (64-bit) hardware in order to execute properly may be licensed only to a Designated Machine that properly implements z/Architecture.

## 1. Definitions

**AWLC** - Advanced Workload License Charges available for selected IBM Programs which are used on an Eligible Machine and are running under an Eligible Operating System. AWLC charges allow for Sub-Capacity Pricing.

**Eligible Machine** - A Machine to which an Eligible Operating System is licensed. Eligible Machines are specified in the IBM System z Advanced Workload License Charges Appendix Q, or later version of IBM's Commercial Exhibit Z125-8539-00) ("Exhibit").

**Eligible Operating System** - An operating system specified in the Exhibit which runs in z/Architecture (64-bit) mode on an Eligible Machine.

**Full Capacity MSUs** - The total capacity of a Machine as specified in the Exhibit.

**Guest (LPAR)** - z/TPF or z/OS when running under z/VM.

**MSUs** - Millions of Service Units per hour; the measure of workload capacity of an Eligible Machine.

**Native (LPAR)** - z/TPF or z/OS when not running under z/VM.

**Operating System Family** - An IBM operating system and the IBM middleware that runs under it. The applicable IBM operating systems are z/OS, z/TPF, and z/VSE V4 or higher.

**Product LPAR Utilization Capacity** - The highest number of MSUs utilized by the combined logical partitions ("LPARs") in which an AWLC IBM Program runs concurrently during a Reporting Period. The number of MSUs is based on a four-hour rolling average utilization.

**Product Utilization Capacity** - The highest number of MSUs utilized concurrently by all copies of an IBM Program running on the same Eligible Machine during a Reporting Period. The number of MSUs is based on a four-hour rolling average program utilization.

**PSLC** - Parallel Sysplex License Charges are available for selected IBM Programs that are used on an Eligible Machine and are running under an Eligible Operating System. See Appendix L or later version of IBM's Commercial Exhibit – Parallel Sysplex License Charges (Z125-5204-04 or later) for applicable terms.

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

**Sub-Capacity Pricing** – Charges for AWLC IBM Programs based on less than Full Capacity MSUs.

**SCRT** – The latest version of the IBM Sub-Capacity Reporting Tool made available by IBM. The SCRT analyzes System Management Facilities ("SMF") data, SCRT89 data, and other data and calculates the Product LPAR Utilization Capacity for AWLC IBM Programs.

**Sub-Capacity Report** - A report generated by the SCRT to enable IBM to calculate Sub-Capacity Pricing for AWLC Programs. The Government is required to submit the report to IBM only if Sub-Capacity Pricing is in effect.

**VWLC** - Variable Workload License Charges are available for selected IBM Programs. VWLC charges allow for Sub-Capacity Pricing. See the terms within this Chapter 5 titled, "IBM System z Workload License Charges".

## 2. Charges

- a. The Government has a choice of selecting either, if available, but not both, AWLC or PSLC for all IBM Programs within an Operating System Family on an Eligible Machine. But:
1. if the Government selects AWLC for z/OS on an Eligible Machine, Flat Workload License Charges (“FWLC”) apply to all IBM Programs that are announced with FWLC charges:
    - (a) FWLC charges are fixed monthly charges.
    - (b) FWLC charges are not available on an Eligible Machine unless selects AWLC or VWLC for z/OS on that Eligible Machine;
  2. once the Government selects AWLC, the Government may not switch back to PSLC without prior IBM approval, which IBM may grant in its sole discretion;
  3. AWLC Programs may not be aggregated for pricing purposes with either PSLC Programs or VWLC Programs; and
  4. IBM Programs with charge types specified below, however, may be licensed to the same Eligible Machine as IBM Programs with AWLC charges:
    - (a) System z New Application License Charges (“zNALC”), which are described in the terms within this Chapter titled “zNALC License Charges on IBM System z.”
    - (b) New Application License Charges (“NALC”), which are described in the terms within this Chapter titled “System z New Application License Charge .”
    - (c) Select Application License Charges (“SALC”), which are described in the terms within this Chapter titled “Select Application License Charges for IBM System z Usage Pricing Charges .”
    - (d) Midrange Workload License Charges (“MWLC”), which are described in the terms within this Chapter titled “IBM System z Midrange Workload License Charges”.
- b. When AWLC charges apply to IBM Programs:
1. monthly charges are based on the number of MSUs reported for the IBM Program on the Sub-Capacity Report for the specified Eligible Machine during a Reporting Period. This value corresponds to the Product LPAR Utilization Capacity. If Sub-Capacity Pricing is not in effect, or the Government does not comply with the terms of this Attachment, monthly charges are based on Full Capacity MSUs.

NOTE: Information on IBM’s billing process, including how to determine the applicable Reporting Period for a particular month's charges, can be found on the Sub-Capacity Corner Web site at <http://ibm.com/systems/z/swprice/subcap/terms.html>;
  2. Eligible Operating System licenses are charged at Full Capacity MSUs until IBM has processed the initial Sub-Capacity Report for that Eligible Operating System on that Eligible Machine, thereby initiating Sub-Capacity Pricing for that Operating System Family;
  3. the initial monthly charge for a non-operating system license is based upon the applicable MSUs for the Eligible Operating System for that Operating System Family;



4. once Sub-Capacity Pricing has begun for an Eligible Operating System on an Eligible Machine, if an AWLC IBM Program does not appear in a Sub-Capacity Report subsequent to its initial monthly charge, it will be charged at the minimum AWLC MSUs;

NOTE: IBM specifies minimum AWLC MSUs in its programming announcements;

5. if the Government elects to have Sub-Capacity Pricing for an AWLC IBM Program on an Eligible Machine, then the Government must have Sub-Capacity Pricing for all AWLC IBM Programs in that Operating System Family on that Eligible Machine;

6. AWLC Program features have the same MSUs as the Program;

7. increases in any AWLC charges that are due to changes the Government makes in the MSU capacity of any Eligible Machine to which the AWLC IBM Program is licensed will be in effect for a minimum period of one month;

8. if an OS/390 or MVS operating system is licensed to the same Eligible Machine, then charges for the z/OS Operating System Family are based on Full Capacity MSUs; and

9. when z/TPF is licensed to an Eligible Machine, the SCRT calculates the number of MSUs for z/TPF IBM Programs running on it. See Appendix P or the current Amendment for Calculation of z/TPF MSUs for further details (Z125-7283).

c. When aggregated AWLC charges apply to IBM Programs, aggregated charges:

1. are available only for IBM Programs used on an Eligible Machine in an actively coupled Parallel Sysplex. To be actively coupled, the following criteria must be met:

(a) All Eligible Machines in the Parallel Sysplex must be physically attached via coupling links to a common Coupling Facility. In addition, the Government must provide time synchronization using either timer links to a common Sysplex Timer or coupling links transporting Server Time Protocol (“STP”) timing information in an STP Coordinated Timing Network(“CTN”).

If a Coupling Facility is divided into LPARs, all Eligible Machines must be attached to the same Coupling Facility LPAR.

(b) All Eligible Operating System images that comprise the Parallel Sysplex environment must have at least one common Systems Enablement Function, specified in the Exhibit, activated to use the Coupling Facility across all images in the Parallel Sysplex.

(c) The configuration and operating modes described in this Attachment must be the normal mode of operations for this environment.

(d) An Eligible Machine can only be in one Parallel Sysplex for pricing purposes. The Eligible Operating System images participating in the Systems Enablement Function(s) must account for at least 50 percent of the total Eligible Operating System workload on each Eligible Machine. In the event there are two LPARs, each 50 percent of the total Eligible Operating System workload, connected to two Parallel Sysplexes, The Government may select which Parallel Sysplex the Eligible Machine will be included in for billing.

2. require the Government to provide IBM with a completed IBM Sysplex Verification Package upon the occurrence of any of the following: 1) the Government implements an

actively coupled Parallel Sysplex, 2) a change is made to any Eligible Machine, e.g., model upgrades or model downgrade in the Parallel Sysplex, 3) IBM requests a package for any year during which the Government has received aggregated AWLC pricing, and 4) at least once in every 12 month period.

NOTE: The IBM Sysplex Verification Package can be found at <http://ibm.com/systems/z/swprice/sysplex>

Information regarding the technical aspects of Parallel Sysplex aggregation and detailed information on tools, processes and procedures may be found at the Sysplex Aggregation Web site at <http://ibm.com/systems/z/swprice/sysplex>.

3. are based on the sum of the MSUs on the Sub-Capacity Reports that the Government submits to IBM for each copy of an IBM Program installed on qualifying Eligible Machines in a Parallel Sysplex;
4. are based on Full Capacity MSUs if Sub-Capacity Pricing is not in effect; and
5. require two or more Eligible Machines actively coupled using the applicable coupling links and Coupling Facility specified in the Exhibit.

d. IBM may offer pricing enhancements to AWLC Sub-Capacity Pricing. Unless IBM advises otherwise, such enhancements, including function and charges applicable to such enhancements, will be subject to additional terms specified in an addendum to this Attachment (“Addendum”) to which the Government must agree to be eligible to receive such enhancements. IBM’s provision of Sub-Capacity Pricing enhancements is conditioned upon the Government’s agreement to and compliance with the applicable Addenda and this Attachment.

e. Transition Charges for Sysplexes:

1. Transition Charges for Sysplexes provide for a reduction in monthly VWLC charges for Programs that qualify for aggregated VWLC charges per the terms in this Chapter titled “System z Workload License Charges”.
2. Transition Charges for Sysplexes apply when at least one Machine but not all Machines in an actively coupled Parallel Sysplex is an AWLC Eligible Machine. Transition charging terminates when all Machines in the Parallel Sysplex are Eligible Machines.
3. The reduction in monthly VWLC charges is based on the percentage of the total Full Capacity MSUs of all Machines in an actively coupled Parallel Sysplex that are associated with a Machine eligible for AWLC charges. (See table below). The result of the calculation will be rounded to the nearest whole percent. Fractions of a percent of 0.5 or more are rounded up and fractions of a percent less than 0.5 are rounded down. This calculation excludes capacity related to specialty engines, unassigned capacity, and temporary capacity such as, but not limited to, “Capacity Back Up”, “Capacity for Planned Events”, and “On/Off CoD”.

Percentage of AWLC Eligible Full Capacity MSUs in an Actively Coupled Parallel Sysplex	Reduction in Monthly VWLC
> 0 - 20%	0.5%
21 - 40%	1.5%
41 - 60%	3.0%
61 - 80%	4.0%
81 - < 100%	4.5%

### 3. IBM’s Responsibilities

IBM will:

- a. Specify in Appendix Q, or a later version of IBM’s Commercial Exhibit (Z125-8538) a) the Eligible Machines and their Full Capacity MSUs, b) the applicable Coupling Facilities, c) Eligible Operating Systems, d) Systems Enablement Functions, and e) the date and the process for transmitting Sub-Capacity Reports to IBM;
- b. provide the SCRT;
- c. review and validate the Government supplied alternate values indicated in the Sub-Capacity Reports. If appropriate, in IBM’s sole discretion, make adjustments to AWLC charges; and
- d. register Eligible Machines when the Government submits the initial Sub-Capacity Reports.

### 4. Government’s Responsibilities under Sub-Capacity Pricing

Sub-Capacity Pricing is conditioned upon utilization of capacity approved by IBM and accurate capacity utilization measurement data generated by the operating system and processed by SCRT.

The Government agrees to:

- a. promptly install any code required by IBM for IBM Programs or IBM System z Machine Code required by IBM to accurately calculate Sub-Capacity Pricing;
- b. not alter, modify, omit, or delete, by any means, directly or indirectly, the:
  - 1. SMF or SCRT89 records;
  - 2. SCRT, except for changes provided by IBM; or
  - 3. Sub-Capacity Reports that the Government submits to IBM, except for those SCRT report fields where the Government comments are expressly required or permitted. Instructions for completion of the required and optional the Government comment fields can be found in the most current version of the SCRT Users Guide (SG24-6522).
- c. not enable or use any SCRT control statement except as expressly authorized by IBM in the SCRT User Guide or an Addendum;
- d. collect and retain for a period of not less than six months the SMF and SCRT89 data records that are required by SCRT for each Reporting Period from all LPARs on the Eligible Machine. For IBM AWLC Programs that are not reported on SMF 89 records or on SCRT89 records, the

Government must use NO89 control statements to identify the LPAR(s) or Guest (LPARs) in which the AWLC Programs ran during any part of the Reporting Period;

e. run the most current version of the SCRT against the collected SMF and SCRT89 data to produce a Sub-Capacity Report from all Eligible Operating System LPARs on the Eligible Machine for which the AWLC Program is licensed. If there have been special circumstances during the Reporting Period, the Government may, in accordance with the then current SCRT Users Guide (SG24-6522), do either of the following: 1) provide alternate values for an AWLC IBM Program that is not reported on SMF 89 or SCRT89 records or 2) use the “Exclude” control statement and provide an explanation of the variance.

f. send to IBM within the time specified in the Exhibit:

1. the initial Sub-Capacity Report that is based on the data for the entire initial Reporting Period for each Eligible Machine that the Government wishes IBM to register for Sub-Capacity Pricing; and
2. subsequent Sub-Capacity Reports that are based on the data for each entire Reporting Period thereafter for each registered Eligible Machine.

Sub-Capacity Reports may not be used to discontinue licenses, report Eligible Machine model downgrades, or to disable IBM Program features.

Both IBM and Customer agree that Sub-Capacity Reports that reflect a change to Product LPAR Utilization Capacity or to the inventory of IBM Programs on an Eligible Machine (e.g. new Program, or change in Designated Machine previously identified to IBM) will be considered to be orders placed by Customer without further action on Customer’s part, and Customer authorizes IBM to make any resulting billing increase or decrease. Sub-Capacity Reports not submitted by the “not later than” date specified in the Exhibit will result in IBM Programs being charged on a Full Capacity MSU basis for the Reporting Period.

The Government is responsible for monitoring funding allocated on their current Order or Contract and issuing modifications whenever the result of increases and/or decreases in charges exceed such allocated funding. A modification may also be required for line items changes, if required by the order agency. The Government is responsible for paying invoices for all monthly charges.

g. configure the Government’s Eligible Machine to send Transmit System Availability Data (“TSAD”) weekly to IBM via the Remote Support Facility (“RSF”). This enables IBM to verify that the Product LPAR Utilization Capacity MSUs in the Sub-Capacity Reports the Government submits to IBM are consistent with the Government’s actual Eligible Machine configuration. An alternate means for the Government to collect and transmit this data is provided in the SCRT Users Guide (SG24-6522). Failure to submit TSAD may result in IBM Programs being charged on a Full Capacity MSU basis;

h. assign a person in the Government’s organization with authority to discuss with IBM and promptly resolve any questions about 1) Sub-Capacity Reports, 2) inconsistencies between the Sub-Capacity Reports and current license entitlement, and 3) configuration data reported via the RSF;

- i. contact IBM if the Government elects to convert from AWLC Sub-Capacity Pricing to AWLC at Full Capacity MSUs;
- j. not register, directly or indirectly, IBM Programs with the z/OS IFAUSAGE service, except as directed by the documentation for the IBM Program;
- k. not register, directly or indirectly, Non-IBM Programs with the z/OS IFAUSAGE service as an IBM Program with an IBM product identifier; and
- l. not cause, directly or indirectly, Product Utilization Capacity to be attributed to another program, either an IBM Program or a Non-IBM Program, when the Product Utilization Capacity is unrelated to that program, except in the case of incidental Product Utilization Capacity associated with diagnosing, monitoring or measuring a program.

## 5. Compliance Verification

Terms are as outlined in the section titled “Compliance Verification” elsewhere in this Chapter.

Both of us agree that the complete agreement between us concerning IBM System z Advanced Workload License Charges consists of this Attachment, applicable Transaction Documents and the terms of this Chapter and replaces any prior oral or written communications between us. In entering into this Attachment, neither party is relying on any representation that is not specified in this Attachment (or the documents specified in the preceding sentence), including without limitation any representations concerning: 1) performance or function of any Product or system, other than as documented in its Specifications; 2) the experiences or recommendations of other parties; or 3) results or savings Customer may achieve.

### 5.17.2 ATTACHMENT IBM SYSTEM Z ADVANCED ENTRY WORKLOAD LICENSE CHARGES (AEWLC)

The terms of this Attachment for IBM System z Advanced Entry Workload License Charges (“Attachment”) are in addition to those of Chapter 1 and Chapter 5 of this GSA Schedule. Any ICA Programs subject to the terms of this Attachment that require z/Architecture (64-bit) hardware in order to execute properly may be licensed only to a Designated Machine that properly implements z/Architecture.

#### 1. Definitions

**AEWLC** - Advanced Entry Workload License Charges available for selected ICA Programs that are used on an Eligible Machine and are running under an Eligible Operating System. AEWLC charges allow for either Full Capacity or Sub-Capacity Pricing.

**Eligible Machine** - A Machine to which an Eligible Operating System is licensed. Eligible Machines, including their Full Capacity MSUs, are specified in the Mainframe Exhibits section of the System z Software Contracts Web site. (See Machines with “AEWLC” in the Group column.)

**Eligible Operating System** - An operating system that runs in z/Architecture (64-bit) mode on an Eligible Machine and is specified in the Eligible Operating Systems section of the System z Software Contracts Web site (<http://ibm.com/systems/z/swprice/reference/exhibits/opsys.html>).

**Full Capacity MSUs** - The total capacity of a Machine as specified in the Mainframe Exhibits section of the System z Software Contracts Web site.

**Full Capacity Pricing** – Charges for AEWLC ICA Programs based on Full Capacity MSUs.

**Guest (LPAR)** - an LPAR with an Eligible Operating System running under z/VM.

**Mainframe Exhibits section of the System z Software Contracts Web site** - <http://ibm.com/systems/z/swprice/reference/exhibits/hardware.html>

**MSUs** - Millions of Service Units per hour; the measure of workload capacity of an Eligible Machine.

**Native (LPAR)** - an LPAR with an Eligible Operating System not running under z/VM.

**Operating System Family** - An IBM operating system and the IBM middleware that runs under it. The applicable IBM operating systems are specified in the Eligible Operating Systems section of the System z Software Contracts Web site.

**Product LPAR Utilization Capacity** - The highest number of MSUs utilized by the combined logical partitions (“LPARs”) in which an AEWLC ICA Program runs concurrently during a Reporting Period. The number of MSUs is based on a four-hour rolling average utilization.

**Product Utilization Capacity** - The highest number of MSUs utilized concurrently by all copies of an IBM Program running on the same Eligible Machine during a Reporting Period. The number of MSUs is based on four-hour rolling average program utilization.

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

**Sub-Capacity Pricing** – Charges for AEWLC ICA Programs based on less than Full Capacity MSUs.

**SCRT** – The latest version of the IBM Sub-Capacity Reporting Tool made available by IBM. The SCRT analyzes System Management Facilities (“SMF”) data, SCRT89 data, and other data and calculates the Product LPAR Utilization Capacity for AEWLC ICA Programs.

**Sub-Capacity Report** - A report generated by the SCRT to enable IBM to calculate Sub-Capacity Pricing for AEWLC ICA Programs. Customer is required to submit the report to IBM only if Sub-Capacity Pricing is in effect.

## 2. Charges

a. If Customer selects AEWLC charges for an Eligible Operating System on an Eligible Machine, then all ICA Programs in that Operating System Family for which AEWLC charges are available must have AEWLC charges.

### Exceptions:

ICA Programs with charge types that are specified below may be licensed to the same Eligible Machine as ICA Programs with AEWLC charges:

1. System z New Application License Charges (“zNALC”), which are described in section 5.16.9, the Attachment for zNALC License Charges on IBM System z (Z125-7454-04 or later).

2. Select Application License Charges (“SALC”), which are described in section 5.16.14, the Select Application License Charges Amendment to Attachment for IBM System z Usage Pricing Charges (Z125-7284-02 or later).

3. ICA Programs for which Customer has paid Graduated One-Time Charges (“GOTC”) may be moved to an Eligible Machine.

(a) Upgrade charges will apply if the Eligible Machine “Default Model Group” specified in the Mainframe Exhibits section of the System z Software Contracts Web site is higher than the current GOTC entitlement. Refunds do not apply if the Eligible Machine Default Model Group is lower.

(b) Contact IBM for special pricing if the GOTC license is being moved to an Eligible Machine whose applicable default charge is based on MSUs rather than a specific Default Model Group.

b. AEWLC charges are based on Full Capacity or Sub-Capacity Pricing.

Increases in any AEWLC charges that are due to changes Customer makes in the MSU capacity of any Eligible Machine to which the AEWLC ICA Program is licensed will be in effect for a minimum period of one month;

c. When AEWLC charges apply to ICA Programs with Sub-Capacity Pricing:

1. monthly charges are based on the number of MSUs reported for the ICA Program on the Sub-Capacity Report for the specified Eligible Machine during a Reporting Period. This value corresponds to the Product LPAR Utilization Capacity. If Customer does not comply with the terms of this Attachment, monthly charges are based on Full Capacity MSUs.

NOTE: Information on IBM’s billing process, including how to determine the applicable Reporting Period for a particular month's charges, can be found on the Sub-Capacity Corner Web site at <http://ibm.com/systems/z/swprice/subcap/terms.html> ;

2. Eligible Operating System licenses are charged at Full Capacity MSUs until IBM has processed the initial Sub-Capacity Report for that Eligible Operating System on that Eligible Machine, thereby initiating Sub-Capacity Pricing for that Operating System Family;

3. the initial monthly charge for an ICA Program (other than the Eligible Operating System) eligible for AEWLC charges is based upon the applicable MSUs for the Eligible Operating System for that Operating System Family;

4. once Sub-Capacity Pricing has begun for an Eligible Operating System on an Eligible Machine, if an AEWLC ICA Program does not appear in a Sub-Capacity Report subsequent to its initial monthly charge, it will be charged at the minimum AEWLC MSUs;

NOTE: IBM specifies minimum AEWLC MSUs in its programming announcements;

5. if Customer elects to have Sub-Capacity Pricing for an AEWLC ICA Program on an Eligible Machine, then Customer must have Sub-Capacity Pricing for all AEWLC ICA Programs in that Operating System Family on that Eligible Machine;

6. AEWLC ICA Program features have the same MSUs as the AEWLC ICA Program;

7. if an OS/390 or MVS operating system is licensed to the same Eligible Machine, then charges for the z/OS Operating System Family are based on Full Capacity MSUs;

8. when z/TPF is licensed to an Eligible Machine, the SCRT calculates the number of MSUs for z/TPF IBM Programs running on it. See the Amendment for Calculation of z/TPF MSUs (Z125-7283) for further details; and
  9. if a z/VSE Version 3 or prior operating system is licensed to an Eligible machine, then charges for the z/VSE Operating System Family are based on Full Capacity MSUs.
- d. IBM may offer pricing enhancements to AEWLC Sub-Capacity Pricing. Unless IBM advises otherwise, such enhancements, including function and charges applicable to such enhancements, will be subject to additional terms specified in an addendum to this Attachment (“Addendum”) to which Customer must agree to be eligible to receive such enhancements. IBM’s provision of Sub-Capacity Pricing enhancements is conditioned upon Customer’s agreement to and compliance with the applicable Addenda and this Attachment.
- e. If AEWLC Charges are not available for an ICA Program, or if Customer does not select AEWLC charges for an Eligible Operating System, then Tiered Workload License Charges (“TWLC”) apply to all ICA Programs in that Operating System Family for which TWLC charges are available:
1. TWLC charges are a tiered price structure and based on the Eligible Machine model. Sub-Capacity Pricing is not available.
  2. TWLC charges are available for selected ICA Programs used on non-aggregated Eligible Machines identified in the “Group” column by “TWLC” followed by the TWLC tier in the Mainframe Exhibits section of the System z Software Contracts Web site.
  3. Default charges apply when TWLC charges are not available for an ICA Program and the ICA Program’s charges are based on machine capacity.. Default charges are specified in the Mainframe Exhibits section of the System z Software Contracts Web site for each applicable Eligible Machine in the column called “Other.”
  4. Increases in any TWLC or default charges for ICA Programs, due to changes in the tier placement for any Eligible Machine to which the ICA Programs are licensed, will be in effect for a minimum period of one month;
- f. Aggregated charges do not apply to AEWLC but–
1. Aggregated Parallel Sysplex License Charges (“PSLC”) may apply if the Eligible Machine is coupled in a Parallel Sysplex that has aggregated PSLC charges.
  2. Aggregated Advanced Workload License Charges (“AWLC”) may apply if the Eligible Machine is coupled in a Parallel Sysplex that has aggregated AWLC charges.
  3. Aggregated Workload License Charges (“WLC”) may apply if the Eligible Machine is coupled in a Parallel Sysplex that has aggregated WLC charges under AWLC Transition Charges for Sysplexes terms.

### **Prerequisite Attachments, Supplements, and Exhibits for Aggregated Charges**

For PSLC: see section 5.16.7, Attachment for Parallel Sysplex License Charges (Z125-5205); and Exhibit - Parallel Sysplex License Charges (Z125-5206).



For AWLC: see section 5.16.1, Attachment for IBM System z Advanced Workload License Charges (Z125-8538); and IBM System z Advanced Workload License Charges Exhibit (Z125-8539).

For WLC: see section 5.16.12, Attachment for IBM System z Workload License Charges (Z125-6516); and IBM System z Advanced Workload License Charges Exhibit (Z125-6324).

### **3. IBM's Responsibilities**

IBM will:

- a. provide the SCRT;
- b. review and validate Customer supplied alternate values indicated in the Sub-Capacity Reports, and if appropriate, at its sole discretion make adjustments to AEWLC charges; and
- c. register Eligible Machines when Customer submits the initial Sub-Capacity Reports.

### **4. Customer's Responsibilities under Sub-Capacity Pricing**

Sub-Capacity Pricing is conditioned upon utilization of capacity approved by IBM and accurate capacity utilization measurement data generated by the operating system and processed by SCRT.

Customer agrees to:

- a. promptly install any code required by IBM for ICA Programs or IBM System z Machine Code required by IBM to accurately calculate Sub-Capacity Pricing;
- b. not alter, modify, omit, or delete, by any means, directly or indirectly, the:
  1. SMF or SCRT89 records;
  2. SCRT, except for changes provided by IBM; or
  3. Sub-Capacity Reports that Customer submits to IBM, except for those SCRT report fields where Customer comments are expressly required or permitted. Instructions for completion of the required and optional Customer comment fields can be found in the most current version of the SCRT Users Guide (SG24-6522).
- c. not enable or use any SCRT control statement except as expressly authorized by IBM in the SCRT User Guide or an Addendum signed by Customer;
- d. collect and retain for a period of not less than six months the SMF and SCRT89 data records that are required by SCRT for each Reporting Period from all LPARs on the Eligible Machine. For ICA AEWLC Programs that are not reported on SMF 89 records or on SCRT89 records, Customer must use NO89 control statements to identify the LPAR(s) or Guest (LPARs) in which the AEWLC Programs ran during any part of the Reporting Period;
- e. run the most current version of the SCRT against the collected SMF and SCRT89 data to produce a Sub-Capacity Report from all Eligible Operating System LPARs on the Eligible Machine for which the AEWLC Program is licensed. If there have been special circumstances during the Reporting Period, Customer may, in accordance with the then current SCRT Users Guide (SG24-6522), do either of the following: 1) provide alternate values for an AEWLC ICA Program that is not reported on SMF 89 or SCRT89 records or 2) use the "Exclude" control statement and provide an explanation of the variance.

f. send to IBM, not earlier than the second, but not later than the ninth, calendar day of the month:

1. the initial Sub-Capacity Report that is based on the data for the entire initial Reporting Period for each Eligible Machine that Customer wishes IBM to register for Sub-Capacity Pricing; and
2. subsequent Sub-Capacity Reports that are based on the data for each entire Reporting Period thereafter for each registered Eligible Machine.

Sub-Capacity Reports may not be used to discontinue licenses, report Eligible Machine model downgrades, or to disable ICA Program features.

Both IBM and Customer agree that Sub-Capacity Reports that reflect a change to Product LPAR Utilization Capacity or to the inventory of ICA Programs on an Eligible Machine (e.g. new ICA Program, or change in Designated Machine previously identified to IBM) will be considered to be orders placed by Customer without further action on Customer's part, and Customer authorizes IBM to make any resulting billing increase or decrease. Sub-Capacity Reports not submitted by the ninth calendar day of the month will result in ICA Programs being charged on a Full Capacity MSU basis for the Reporting Period;

g. configure Customer's Eligible Machine to send Transmit System Availability Data ("TSAD") weekly to IBM via the Remote Support Facility ("RSF"). This enables IBM to verify that the Product LPAR Utilization Capacity MSUs in the Sub-Capacity Reports Customer submits to IBM are consistent with Customer's actual Eligible Machine configuration. An alternate means for Customer to collect and transmit this data is provided in the SCRT Users Guide (SG24-6522). Failure to submit TSAD may result in ICA Programs being charged on a Full Capacity MSU basis;

h. assign a person in Customer's organization with authority to discuss with IBM and promptly resolve any questions about 1) Sub-Capacity Reports, 2) inconsistencies between the Sub-Capacity Reports and current license entitlement, and 3) configuration data reported via the RSF;

i. contact IBM if Customer elects to convert from AEWLC Sub-Capacity Pricing to AEWLC at Full Capacity MSUs;

j. not register, directly or indirectly, ICA Programs with the z/OS IFAUSAGE service, except as directed by the documentation for the ICA Program;

k. not register, directly or indirectly, Non-IBM Programs with the z/OS IFAUSAGE service as an ICA Program with an IBM product identifier; and

l. not cause, directly or indirectly, Product Utilization Capacity to be attributed to another program, either an ICA Program or a Non-IBM Program, when the Product Utilization Capacity is unrelated to that program, except in the case of incidental Product Utilization Capacity associated with diagnosing, monitoring, or measuring a program.

m. The Customer is responsible for monitoring funding allocated on the current Order or Contract and issue a modification whenever the result of increases and/or decreases in charges exceed the allocated funding. A modification may also be required for line item changes, if required by the ordering agency. The Government is responsible for paying invoices for all monthly usage.

## 5. Compliance Verification

For purposes of this section, "ICA Program Terms" means terms applicable to ICA Programs herein and applicable Transaction Documents and Attachments (including this one).

IBM's compliance terms are as stated elsewhere in this Chapter.

This Attachment the terms of this Chapter 5 and Chapter 1, including applicable Attachments and Transaction Documents, is the complete agreement regarding IBM System z Advanced Entry Workload License Charges and replaces all prior oral or written communications, representations, undertakings, warranties, promises, covenants, and commitments between Government and IBM regarding IBM System z Advanced Entry Workload License Charges. In entering into this Attachment, including any applicable Transaction Document, neither party is relying on any representation that is not specified in this GSA Schedule terms, Attachment, the Transaction Document. Additional or different terms regarding this offering identified in a Government Delivery Order, unless provided in an IBM proposal or quote, are void.

### 5.17.3 GROWTH OPPORTUNITY LICENSE CHARGE (GOLC)

Any Programs licensed in accordance with the terms herein that require 64-bit z/Architecture hardware in order to execute properly may be licensed only to a Designated Machine that properly implements z/Architecture.

Growth Opportunity License Charges ("GOLC") are available only for Programs which are used on a Machine listed in "System z Machines " table below. However, GOLC may not be available for all Programs used on a listed Machine. If Graduated Monthly License Charges are available for Programs for which GOLC are not available, then a default charge applies which is equal to the Basic Graduated Monthly License Charge for the Machine Group indicated.

GOLC Category	Default Charge Equal to Basic Charges for:
H30	Group 40
H50	Group 50
H70	Group 70

Increases in any System z Program GOLC or default charges, due to changes in the Category placement for any Machine that they are licensed to, will be in effect for a minimum period of one month. For System z and Amdahl/non-IBM Product Information, see <http://www.ibm.com/zseries/library/swpriceinfo/> (See Machines with GOLC in the Group column).

### 5.17.4 ATTACHMENT PARALLEL SYSPLEX LICENSE CHARGE (PSLC)

The terms of this Attachment are in addition to those of Chapter 1 and this Chapter 5. Any Programs licensed in accordance with the terms of this Attachment that require 64-bit z/Architecture hardware in order to execute properly may be licensed only to a Designated Machine that properly implements z/Architecture.

Parallel Sysplex license charges (called "PSLC") available under this Attachment are provided for selected IBM System z Programs when these Programs are designated to a machine or machines operating in an actively coupled Parallel Sysplex environment.

### **IBM Responsibilities**

IBM will:

1. make selected System z Programs available to you at PSLC; and
2. specify, in an exhibit, the Parallel Sysplex environment (machine requirements, coupling criteria, and software requirements) and the basis for PSLC (the service unit capacity of participating machines). We will inform you of any changes.

### **Government Responsibilities**

Promptly notify IBM :

1. when you have an actively coupled Parallel Sysplex environment;
2. if the Parallel Sysplex environment ceases to be actively coupled. In such case, charges will revert to our generally available recurring charges; and
3. if you add or remove machines from the environment. In such cases, the PSLC will be adjusted.

#### **5.17.5 ATTACHMENT SYSTEM Z NEW APPLICATION LICENSE CHARGE**

The terms of this Attachment for zNALC License Charges on IBM System z ("Attachment") are in addition to those of this GSA Schedule, Chapter 1 and Chapter 5.

#### **1. Definitions**

**Eligible Machine** – A Machine to which an Eligible Operating System is licensed and that is specified in the Mainframe Exhibits section of the System z Software Contracts Web site with "zN" in the zNALC column.

An Eligible Machine is a Designated Machine that is eligible to receive zNALC pricing as described herein.

**Eligible Operating System** – An operating system specified in the zNALC Eligible Operating Systems subsection of the System z Software Contracts Web site (<http://ibm.com/systems/z/swprice/reference/exhibits/opsys.html>).

**Full Capacity MSUs** – The total capacity of a Machine as specified in the Mainframe Exhibits section of the System z Software Contracts Web site.

Mainframe Exhibits section of the System z Software Contracts Web site – <http://ibm.com/systems/z/swprice/reference/exhibits/hardware.html>

**MSUs** – Millions of Service Units per hour. Units of Workload capacity of an Eligible Machine.

**Product LPAR Utilization Capacity** – The highest number of MSUs utilized by the combined logical partitions (“LPARs”) in which z/OS (with zNALC charges) runs concurrently during a Reporting Period. The number of MSUs is based on a 4-hour rolling average utilization.

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

**Sub-Capacity Pricing** – Charges for z/OS (with zNALC charges) based on less than Full Capacity MSUs.

**Sub-Capacity Report** – A report generated by the IBM Sub-Capacity Reporting Tool. The tool analyzes System Management Facilities (“SMF”) data and calculates the Product LPAR Utilization Capacity for z/OS (with zNALC charges). The Sub-Capacity Report includes this calculation. Customer is required to submit the report to IBM only if Sub-Capacity Pricing is in effect.

**zNALC** – System z New Application License Charges (“zNALC”) charges are available only for z/OS running on an Eligible Machine. zNALC charges allow for Sub-Capacity Pricing and Parallel Sysplex aggregation.

**zNALC LPAR(s)** – One or more LPARs where z/OS (with zNALC charges) is running.

## 2. Qualified Applications

a. An “Application” is a computer program that is used to accomplish specific business tasks (such as Customer Relationship Management (“CRM”), Enterprise Resource Planning (“ERP”), Supply Chain Management (“SCM”), business information warehouse, accounting and inventory control programs), including the database server used for that task. In this definition, an Application is not a standalone database management system or systems management tool (i.e., related to the management or operation of the computer itself or of other computer programs). Examples of software that are not considered Applications are operating system software, database products (except as qualifying in the section below), transaction managers, tools, utilities and games.

b. An Application may be considered a “Qualified Application” if it is:

1. Currently generally commercially available, supported by its manufacturer and enabled to run under z/OS, and that same Application (with substantially the same functionality) is simultaneously generally commercially available, supported by its manufacturer on, and enabled to run under a UNIX operating system (e.g., AIX, HP-UX, Linux or Solaris), or Microsoft Windows (collectively “Distributed Platforms”); or
2. A database server running under z/OS and it is operating solely in support of a software program that is currently generally commercially available, supported by its manufacturer and running in a client/server environment where the business logic (e.g., application server) is running on a Distributed Platform; or
3. Java language business applications running under WebSphere Application Server (or equivalent). These do not include systems management tools.

c. IBM will determine whether a particular software program is a Qualified Application.

NOTE: For additional information and a few examples of approved zNALC Qualified Applications, see: <http://ibm.com/systems/z/resources/swprice/mlc/znalc.html>

### 3. Requirements for z/OS with zNALC Charges

- a. z/OS (with zNALC charges) must be licensed to an Eligible Machine.
  - b. z/OS IBM middleware running on a zNALC LPAR must be priced with either Advanced Workload License Charges (“AWLC”), Advanced Entry Workload License Charges (“AEWLC”), Workload License Charges (“WLC”), Entry Workload Charges (“EWLC”), or Select Application License Charges (“SALC”), if such charge, as applicable is available.
  - c. zNALC LPARs must be used exclusively for the Qualified Application and for programs that support the Qualified Application and for no other purpose.
  - d. z/OS (with zNALC charges) may not be licensed to the same Eligible Machine as either z/OS.e or as z/OS with New Application License Charges (“NALC”).
  - e. z/OS (with zNALC charges) may not be licensed to the same Eligible Machine as OS/390 or MVS.
  - f. z/OS (with Sub-Capacity zNALC charges) may not run as a guest of any version of VM or z/VM unless:
    1. z/OS APAR OA20314 was applied to the z/OS guest system before it was IPLd, and
    2. SCRT Version 14.2.0 or higher is used to create the SCRT report.
  - g. The first four letters of each zNALC LPAR must be “ZNAL”. Alternatively, if Customer prefers not to change LPAR names to qualify for zNALC, and is running z/OS V1.6 or higher, Customer may set the “LICENSE=ZNALC” IPL parameter to indicate a zNALC LPAR,
- NOTE: The zNALC IPL Parameter is available via APAR OA20314.
- h. Any copies of Eligible Operating Systems that run on an Eligible Machine must run in z/Architecture (64-bit) mode.
  - i. Customer agrees to certify to IBM:
    1. initially that Customer is eligible for zNALC under the terms of this Attachment, and
    2. annually that Customer is and has been continuously eligible for zNALC under the terms of this Attachment.

See Z125-7465, zNALC Annual Eligibility Certification Form.

Failure to submit a zNALC Annual Eligibility Certification Form will result in termination of zNALC charges. The z/OS license will revert to then-available charges.

### 4. Charges

- a. When zNALC charges apply to z/OS:
  1. monthly charges are based on the number of MSUs reported for z/OS (with zNALC charges) in the Sub-Capacity Report for the specified Eligible Machine during a Reporting Period. This value corresponds to the Product LPAR Utilization Capacity or, on a non-partitioned Eligible Machine, must equal the Full Capacity MSUs. If Sub-Capacity Pricing is not in effect, monthly charges are based on Full Capacity MSUs;

NOTE: Information on IBM's billing process, including how to determine the applicable Reporting Period for a particular month's charges, can be found on the Sub-Capacity Corner website at <http://ibm.com/systems/z/swprice/subcap/terms.html> ;

2. z/OS (with zNALC charges) licenses are initially charged at Full Capacity MSUs until IBM has processed the initial Sub-Capacity Report on that Eligible Machine, enabling Sub-Capacity Pricing;

3. once Sub-Capacity Pricing has commenced for z/OS (with zNALC charges) on an Eligible Machine, if z/OS (with zNALC charges) does not appear in a Sub-Capacity Report subsequent to its initial monthly charge, it will be charged at the minimum zNALC MSUs.

NOTE: IBM specifies minimum zNALC MSUs in its programming announcements;

4. eligible features of z/OS (with zNALC charges) have the same MSUs as z/OS (with zNALC charges);

5. the number of MSUs associated with a zNALC LPAR is equivalent to the highest observed rolling 4-hour average utilization in a Reporting Period. Customer may manage zNALC LPAR utilization by explicitly specifying the defined capacity of the zNALC LPAR(s) on the Hardware Management Console ("HMC"). However, this is not required to obtain Sub-Capacity Pricing. If Customer chooses to specify the defined capacity for a particular zNALC LPAR, the Sub-Capacity Reporting Tool will use the lower of the specified capacity or the 4-hour rolling average in order to determine the number of MSUs associated with z/OS (with zNALC charges);

6. the capping function in z/OS (with zNALC charges) is used to ensure the workload does not exceed the LPAR defined capacity Customer has specified on a 4-hour rolling average. To achieve this, the capping function may automatically reduce and limit computer resources to workloads running in that LPAR. By defining the LPAR capacity, Customer authorizes the capping function to cap the computer's resources as defined; and

7. increases in Full-Capacity MSU Charges for z/OS (with zNALC charges), due to changes Customer makes in the MSU capacity for any Eligible Machine that it is licensed to, will be in effect for a minimum period of one month.

b. Calculation of Sub-Capacity MSUs when an Eligible Machine has z/OS licensed with Sub-Capacity charges for both a) zNALC and b) AWLC/AEWLC/WLC/EWLC:

If the total MSUs for both z/OS (with zNALC charges) plus the z/OS (with AWLC or AEWLC or WLC or EWLC charges) shown on the Sub-Capacity Report exceed the highest rolling 4-hour average of the Eligible Machine ("Peak Measurement"), then IBM will reduce the z/OS (with zNALC charges) MSUs so that the total MSUs do not exceed the Peak Measurement. However, the z/OS (with zNALC charges) MSUs will not be reduced below the minimum zNALC MSUs.

NOTE: IBM specifies minimum zNALC MSUs in its programming announcements.

NOTE: If an Eligible Machine has z/OS with full-capacity AWLC or AEWLC or WLC or EWLC charges, then zNALC pricing should be avoided, However, if z/OS with AWLC or AEWLC or WLC or EWLC charges is co-resident with z/OS (with zNALC charges), then IBM recommends Sub-Capacity pricing be implemented.

c. When aggregated zNALC charges apply to IBM Programs, aggregated charges:

1. are available only for z/OS (with zNALC charges) used on an Eligible Machine in an actively coupled Parallel Sysplex. To be actively coupled, the following criteria must be met:

(a) All Eligible Machines in the Parallel Sysplex must be physically attached via coupling links to a common Coupling Facility. In addition, Government must provide time synchronization using either timer links to a common Sysplex Timer or coupling links transporting Server Time Protocol (“STP”) timing information in an STP Coordinated Timing Network (“CTN”).

If a Coupling Facility is divided into LPARs, all Eligible Machines must be attached to the same Coupling Facility LPAR.

(b) All Eligible Operating System images that comprise the Parallel Sysplex environment must have at least one common Systems Enablement Function, specified in the Exhibit for zNALC License Charges on IBM System z, Z125-7455, (“Exhibit”), activated to use the Coupling Facility across all images in the Parallel Sysplex.

(c) The configuration and operating modes described in this Attachment must be the normal mode of operations for this environment.

(d) An Eligible Machine can only be in one Parallel Sysplex for pricing purposes. The Eligible Operating System images participating in the Systems Enablement Function(s) must account for at least 50 percent of the total Eligible Operating System workload on each Eligible Machine. In the event there are two LPARs, each 50 percent of the total Eligible Operating System workload, connected to two Parallel Sysplexes, Customer may select which Parallel Sysplex the Eligible Machine will be included in for billing.

2. require Customer to provide IBM with a completed IBM Sysplex Verification Package upon the occurrence of any of the following: 1) Customer implements an actively coupled Parallel Sysplex, 2) a change is made to any Eligible Machine, e.g., model upgrades or model downgrade in the Parallel Sysplex, 3) IBM requests a package for any year during which Customer has received aggregated zNALC pricing, and 4) at least once in every 12 month period.

NOTE: The IBM Sysplex Verification Package can be found at <http://ibm.com/systems/z/swprice/sysplex/verify.html> .

Information regarding the technical aspects of Parallel Sysplex aggregation and detailed information on tools, processes and procedures may be found at the Sysplex Aggregation Web site at <http://ibm.com/systems/z/swprice/sysplex> .

3. are based on the sum of the MSUs on the Sub-Capacity Reports that Customer submits to IBM for each copy of z/OS (with zNALC charges) installed on qualifying Eligible Machines in a Parallel Sysplex;

4. are based on Full Capacity MSUs if Sub-Capacity Pricing is not in effect; and

5. require two or more Eligible Machines actively coupled using the applicable coupling links and Coupling Facility specified in the Exhibit.

## 5. IBM’s Responsibilities

IBM will:



- a. specify in Appendix M, or a later the current commercial version of Exhibit Z125-7455 the 1) Applicable Coupling Facilities, 2) Systems Enablement Functions, and 3) the date and the process for transmitting Sub-Capacity Reports to IBM;
- b. make available the Sub-Capacity Reporting Tool;
- c. review and validate Customer supplied alternate values indicated in the Sub-Capacity Reports, and if appropriate, at its sole discretion make adjustments to zNALC charges; and
- d. register Eligible Machines when Customer submits the initial Sub-Capacity Reports.

## **6. Government Responsibilities under Sub-Capacity Pricing**

Sub-Capacity Pricing is conditioned upon utilization of capacity approved by IBM and accurate capacity utilization measurement data generated by the operating system and processed by SCRT.

Customer agrees to:

- a. promptly install any code required by IBM for IBM Programs or IBM System z Machine Code required by IBM to accurately calculate Sub-Capacity Pricing;
- b. not alter, modify, omit, or delete, by any means, directly or indirectly, the:
  1. SMF or SCRT89 records;
  2. SCRT, except for changes provided by IBM; or
  3. Sub-Capacity Reports that Customer submits to IBM, except for those SCRT report fields where Customer comments are expressly required or permitted. Instructions for completion of the required and optional Customer comment fields can be found in the most current version of the SCRT Users Guide (SG24-6522).
- c. not enable or use any SCRT control statement except as expressly authorized by IBM in the SCRT User Guide or an Addendum signed by Customer;
- d. collect and retain for a period of not less than six months the SMF and SCRT89 data records that are required by SCRT for each Reporting Period from all LPARs on the Eligible Machine. For IBM AWLC Programs that are not reported on SMF 89 records or on SCRT89 records, Customer must use NO89 control statements to identify the LPAR(s) or Guest (LPARs) in which the AWLC Programs ran during any part of the Reporting Period;
- e. run the most current version of the SCRT against the collected SMF and SCRT89 data to produce a Sub-Capacity Report from all Eligible Operating System LPARs on the Eligible Machine for which z/OS (with zNALC charges) is licensed. If there have been special circumstances during the Reporting Period, Customer may, in accordance with the then current SCRT Users Guide (SG24-6522), use the “Exclude” control statement and provide an explanation of the variance.
- f. send to IBM within the time specified in the Exhibit:
  1. the initial Sub-Capacity Report that is based on the data for the entire initial Reporting Period for each Eligible Machine that Customer wishes IBM to register for Sub-Capacity Pricing; and

2. subsequent Sub-Capacity Reports that are based on the data for each entire Reporting Period thereafter for each registered Eligible Machine.

Sub-Capacity Reports may not be used to discontinue licenses, report Eligible Machine model downgrades, or to disable z/OS (with zNALC charges) features.

Both IBM and Government agree that Sub-Capacity Reports that reflect a change to Product LPAR Utilization Capacity or to the inventory of IBM Programs on an Eligible Machine (e.g. new Program, or change in Designated Machine previously identified to IBM) will be considered to be orders placed by Customer without further action on Customer's part, and Customer authorizes IBM to make any resulting billing increase or decrease. Sub-Capacity Reports not submitted by the "not later than" date specified in the Exhibit will result in z/OS (with zNALC charges) being charged on a Full Capacity MSU basis for the Reporting Period;

g. configure Customer's Eligible Machine to send Transmit System Availability Data ("TSAD") weekly to IBM via the Remote Support Facility ("RSF"). This enables IBM to verify that the Product LPAR Utilization Capacity MSUs in the Sub-Capacity Reports Customer submits to IBM are consistent with Customer's actual Eligible Machine configuration. An alternate means for Customer to collect and transmit this data is provided in the SCRT Users Guide (SG24-6522). Failure to submit TSAD may result in IBM Programs being charged on a Full Capacity MSU basis;

h. assign a person in Customer's organization with authority to discuss with IBM and promptly resolve any questions about 1) Sub-Capacity Reports, 2) inconsistencies between the Sub-Capacity Reports and current license entitlement, and 3) configuration data reported via the RSF;

i. contact IBM if Customer elects to convert from zNALC Sub-Capacity Pricing to zNALC at Full Capacity MSUs;

The Government is responsible for monitoring funding allocated on their current Order or Contract and issuing Modifications whenever the result of increases and/or decreases in charges exceed such allocated funding. A Modification may also be required for line item changes, if required by the ordering agency. The Government is responsible for paying invoices for all monthly usage

j. not register, directly or indirectly, IBM Programs with the z/OS IFAUSAGE service, except as directed by the documentation for the IBM Program;

k. not register, directly or indirectly, Non-IBM Programs with the z/OS IFAUSAGE service as an IBM Program with an IBM product identifier; and

l. not cause, directly or indirectly, Product Utilization Capacity to be attributed to another program, either an IBM Program or a Non-IBM Program, when the Product Utilization Capacity is unrelated to that program, except in the case of incidental Product Utilization Capacity associated with diagnosing, monitoring, or measuring a program.

## **7. Compliance Verification**

For purposes of this section, "ICA Program Terms" means terms applicable to ICA Programs and applicable Transaction Documents and Attachments (including this one). IBM's Compliance Terms are provided in this Chapter.

## **8. Subcapacity Reporting**

The Government is responsible for transmitting the Sub-Capacity Reports to IBM per the process outlined in the following website <http://ibm.com/zseries/swprice/scrt/>. Reports are due by the second, but not later than the ninth, calendar day of each month.

This Attachment, Chapter 1 and this Chapter 5, including applicable Attachments and Transaction Documents, are the complete agreement regarding zNALC License Charges on IBM System z and replace all prior oral or written communications, representations, undertakings, warranties, promises, covenants, and commitments between Customer and IBM regarding zNALC License Charges on IBM System z. In entering into this Attachment, including any applicable Transaction Document, neither party is relying on any representation that is not specified in this Attachment, the Transaction Document, or the Agreement. Additional or different terms regarding this On/Off CoD offering identified in a Government Delivery Order, unless provided in an IBM proposal or quote, are void.

### 5.17.6 ATTACHMENT IBM SYSTEM Z USAGE PRICING CHARGES

These terms are in addition to those of Chapter 1 and this Chapter 5 . Any Programs licensed in accordance with the terms of this Attachment that require 64-bit z/Architecture hardware in order to execute properly may be licensed only to a Designated Machine that properly implements z/Architecture.

The terms of this Attachment apply to selected System z Programs that have a Usage Pricing Charge, which is a monthly recurring charge. To qualify for Usage Pricing Charges, the eligible Program must be running on a Machine or in a qualified Parallel Sysplex where OS/390 Version 2, z/OS or later is running in at least one LPAR partition on the Machine or in the Parallel Sysplex. For each selected Program (Program "Base," where multiple "Bases" of a Program are eligible) the Government may elect a Usage Pricing Charge or any other applicable recurring charge.

Machines or Parallel Sysplexes running OS/390 Auto UNIX do not qualify for Usage Pricing Charges as OS/390 Auto UNIX is a pre-configured UNIX-only system without the ability to activate the usage measurement function.

IBM specifies in the Supplement to this Attachment, billing start and end dates, eligible Programs, and the applicable measurement basis (e.g., machine service units).

#### **Measurement Recording**

Program usage will be measured as specified in the Exhibit for IBM System z Usage Pricing Charges ("Exhibit"). To measure and record measurement data, you agree to use, unmodified on all MVS/ESA, OS/390, z/OS and z/OS.e LPARs on the Machine for which the Program is licensed and on all Machines which are actively coupled to that Machine in a Parallel Sysplex, 1) the usage measurement function, which IBM provides in the operating system Program and 2) a reporting function, which IBM provides in the IBM Software Usage Report Program. You agree not to alter 1) the records collected by the usage measurement function; 2) the IBM Software Usage Report Program, except for changes provided by IBM; or 3) the Software Usage reports, generated by the Software Usage Report Program, which you will provide to IBM.

#### **Billing Periods**

The Government's billing period is the 12-months in duration. However, IBM may permit the initial billing period to be less or greater than 12 months to allow for fiscal year alignment.

To establish the usage for a billing period, using the measurement function it provides, IBM identifies your

1. highest daily usage of a Program, which is the highest of 24 hourly measurements recorded each day; and
2. monthly usage of a Program, which is the fourth highest daily measurement recorded for a month.

The Government agrees to:

1. run our usage measurement function throughout initial and subsequent billing periods on all MVS/ESA, OS/390, z/OS and z/OS.e LPARs on the Machine for which the Program is licensed and on all Machines coupled to that Machine in a Parallel Sysplex;
2. reinitialize all copies of DB2 after the usage measurement function has been activated, whenever DB2 usage is being measured for Usage Pricing Charges; and
3. provide IBM with a Software Usage Report generated by the Software Usage Report Program for (1) each Machine not in a Parallel Sysplex, (a separate report for each Machine) and (2) all Machines which are actively coupled in the same Parallel Sysplex (a separate report for all Machines within a Parallel Sysplex, i.e., a separate report for each Parallel Sysplex). You are to provide these Software Usage Reports within ten business days after the usage measurements are completed one month prior to the end of each billing period.

### **Initial Billing Period**

To establish the measurement for the initial billing period, the Government will run the usage measurement function for two months (contiguous days) against all copies and versions of an eligible Program. These months need not be calendar months. The Government must start the measurement period on a day when the eligible Program is running on the Machine and run the usage measurement function on all MVS/ESA, OS/390, z/OS, and z/OS.e LPARs on the Machine or Parallel Sysplex.

The higher monthly usage of the initial two-months determines the Government's monthly Usage Pricing Charge for the fiscal year next 12-month billing period.

The initial billing period begins on the first day of the first full calendar month in which usage measurement is collected.

### **Transitioning from MULC**

The highest monthly usage, derived from the preceding Measured Usage License Charge (MULC) billing period (including one month before that billing period and excluding the final month of the billing period), will be used to determine your monthly Usage Pricing Charge when transitioning a Program under MULC to Usage Pricing Charges.

### **Subsequent Billing Periods**

The Government agrees to provide IBM with the Software Usage Report for the billing period within the first ten business days of the final month of the previous billing period.

The highest monthly usage measured for the initial billing period (excluding those recorded in the final month) will be the basis for establishing charges for the second billing period. For subsequent billing periods, the highest Monthly Usage measured for the prior 12 months, starting one month earlier than the previous billing period, will be the basis for establishing charges.

In the last month of a billing period, IBM will review your usage of a Program and calculate a new Usage Pricing Charge, if appropriate. A new Usage Pricing Charge would apply at the start of your next billing period.

### **Determining the Usage Pricing Charge**

The Government's monthly Usage Pricing Charge is determined by your monthly "Usage Level(s)." Usage Levels correspond to the Usage Range(s), specified in Appendix N, which are determined by the Government's monthly usage (as reported by the usage measurement function IBM provides).

If the Government is using multiple versions (or copies) of a Program on a Machine, IBM will 1) use the aggregated usage provided on the Software Usage Report to represent the usage consumed by all the versions (copies), and 2) apply this aggregate usage measurement to the charge applicable to the latest version of a Program installed on that Machine. At least one version of the Program must be listed on the Exhibit as a Program for which Usage Pricing Charges by service units ("SUs") are available.

If the Government is using a Program in an actively coupled Parallel Sysplex environment, IBM will 1) aggregate the usage across all of the Machines in the Parallel Sysplex and 2) apply this aggregate usage to the charge applicable to the latest version of a Program installed on those Machines.

### **General**

In determining the Government's usage of a Program, the earlier versions of which are already subject to Usage Pricing Charges, IBM will disregard measurements recorded during an applicable testing period, if any, if you so indicate on the Software Usage Report. If you add a new version of a Program during a billing period, charges will be based on the charge for the latest version.

The charge for a Program will revert to the applicable recurring charge if the Government 1) fail to provide IBM with the Software Usage Report within the specified time period or 2) at the end of a billing period, end your participation in this offering. In either event, the Government may not resume participation for that Program for 12 months. If the Government later want to resume participation, your Usage Pricing Charge will be based on the Software Usage Report Government provided to IBM for the preceding 12-month period. If a Program was terminated from participating for either of the above reasons, a 12-month period applies before the Program is eligible for Usage Pricing Charges.

The Government may terminate this offer on one month's written notice. Upon termination, the charge for a Program will revert to another applicable recurring charge. If an alternative recurring charge is not available, your license will terminate.

### **Compliance Verification**

For purposes of this section, "ICA Program Terms" means terms applicable to ICA Programs in this Chapter 5, Chapter 1 and applicable Transaction Documents and Attachments (including this one).

### 5.17.7 SINGLE-VERSION CHARGING

The term "monthly charges" used herein means Monthly License Charges (MLC), Graduated MLC (GMLC), Parallel Sysplex License Charges (PSLC), Growth Opportunity License Charges (GOLC), Annual License Charges (ALC), zSeries Entry License Charges (zELC), Workload License Charges (WLC), and any other month recurring charge.

Single Version Charging (SVC) indicates that monthly, annual or processor group upgrade changes will be waived for a period of 12 months for this predecessor program only while in the process of migrating to the replacement program. When there is no replacement program specified, if a replacement program becomes available, the predecessor program will then be eligible for SVC. Appendix I contains a listing of qualifying programs.

The waiver will start when charges become due on the replacement program. The replaced program must be operating on the same designated machine where the replacement program is in regular operation. Single Version Charging must be requested by the Government when ordering the new version. Monthly or processor group upgrade charges for a replaced program will commence or become due if the replaced program is operating on a different designated machine from the replacement program, if regular operation of the replacement program is terminated, or upon discontinuance of the replacement program.

Clarifications to SVC under aggregation and changes to SVC when operating under Sub-Capacity are as follows:

1. In the case where a machine is part of a Sysplex, if the Government is actively migrating from a program to a designated replacement program on the one machine, all machines upon which the program runs in the Sysplex may also have the replacement program licensed. These machines will be deemed as actively migrating for SVC purposes.
2. Licenses where the MSU utilization of the replacement program is less than the MSU utilization of the replaced program qualifies for SVC.
3. When the replaced program and the designated replacement program are eligible for Sub-Capacity pricing, the new MSU valuation for the replacement program is now based on a combination of MSU values. The final replacement program charge is based on the lower of 1) the sum of MSU values for both programs, and 2) a predetermined maximum value. The predetermined maximum values vary based on different configurations:

For versions of z/OS, use the full machines MSU capacity.

For programs other than versions of z/OS:

1. Where z/OS.e is not running on the machine, use the z/OS MSU value,
2. Where z/OS.e is running on the machine, use the sum of the z/OS MSU value and the MSU capacity of the engine(s) where z/OS.e is running.

When Full-Machine Capacity charges apply, charges for the replacement program are based on the MSU value at Full-Machine Capacity. For software programs in a Sysplex where aggregation charges apply, the MSU value for each license is calculated as above per machine before totaling to calculate the aggregated MSU value. Standard aggregation rules apply.

The terms and conditions of this Special Item 132-33 remain in effect for the replaced product until the product is discontinued.

Single Version Charging is offered on mainframe software, for migration purposes only, and for a period not to exceed one year. Products in SVC status prior to 10/1/94 may remain in that status indefinitely provided migration activity is being pursued.

### 5.17.8 ATTACHMENT IBM SYSTEM Z WORKLOAD LICENSE CHARGES

Any Programs licensed in accordance with the terms herein that require z/Architecture (64-bit) hardware in order to execute properly may be licensed only to a Designated Machine that properly implements z/Architecture.

**Definitions:**

Eligible Machine	A Machine to which an Eligible Operating System is licensed. Any copies of Eligible Operating Systems that run on an Eligible Machine must run in z/Architecture (64-bit) mode. Eligible Machines are specified in Appendix M of this Schedule.
Eligible Operating Systems	Operating Systems specified in the Appendix.
Full Capacity MSUs	The total capacity of an Eligible Machine as specified in the Appendix.
Guest (LPAR)	z/TPF or z/OS when running under z/VM
MSUs	Millions of Service Units per hour. Units of Workload capacity of an Eligible Machine.
Native (LPAR) Operating System Family	z/TPF or z/OS when not running under z/VM An IBM operating system and the IBM middleware that runs under it. The applicable IBM operating systems are z/OS, z/TPF, and z/VSE V4 or higher.
Product LPAR Utilization Capacity	The highest number of MSUs utilized by the combined logical partitions (LPARs) in which a Variable Workload License Charges (VWLC) IBM Program runs concurrently during a Reporting Period. The number of MSUs is based on a 4-hour rolling average utilization.
PSLC Option	Parallel Sysplex License Charges available for selected IBM Programs which are used on an Eligible Machine and are running an Eligible Operating System. See Appendix L

Reporting Period	The period which begins on the second day of a month and ends on the first day of the following month.
Sub-Capacity Pricing	WLC for VWLC IBM Programs based on less than Full Capacity MSUs
Sub-Capacity Report	A report generated by the IBM-provided Sub-Capacity Reporting Tool. The tool analyzes System Management Facilities (“SMF”) data and SCRT89 data and calculates the Product LPAR Utilization Capacity for most VWLC IBM Programs. The Sub-Capacity Report includes these calculations. The Government is required to submit the report to IBM only if Sub-Capacity Pricing is in effect.
WLC	Workload License Charges available for selected IBM Programs which are used on an Eligible Machine and are running under an Eligible Operating System. WLC allow for Sub-Capacity Pricing.

## 1. Charges

1. The Government has a choice of selecting either, if available, but not both. WLC or PSLC within an Operating System Family on an Eligible Machine that has an Eligible Operating System licensed to it. However,

(a) IBM Programs with charge types shown below, however, may be licensed to the same Eligible Machine as IBM Programs with WLC charges:

- i. New Application License Charges (“NALC”)
- ii. System z New Application License Charges (“zNALC”)
- iii. Select Application License Charges (“SALC”)
- iv. Midrange Workload License Charges (“MWLC”)

(b) once the Government selects WLC, the Government may not switch back to PSLC without prior IBM approval, which IBM may grant in its sole discretion; and

(c) WLC Programs and PSLC Programs may not be aggregated together for pricing purposes.

2. When Flat Workload License Charges (“FWLC”) apply to IBM Programs, charges are a fixed monthly charge. z/OS must be licensed to the Eligible Machine, FWLC charges are not available on an Eligible Machine if any Program in the z/OS Operating System Family has PSLC charges.

3. When VWLC charges apply to IBM Programs:

- a. Monthly charges are based on the number of MSUs reported in the IBM Program's Sub-Capacity Report for the specified Eligible Machine during a Reporting Period. This value corresponds to the Product LPAR Utilization Capacity or, on a non-partitioned Eligible Machine, must equal the Full Capacity MSUs. If Sub-Capacity Pricing is not in effect, monthly charges are based on Full Capacity MSUs;



NOTE: Information on IBM’s billing process, including how to determine the applicable Reporting Period for a particular month’s charges, can be found on the Sub-Capacity Corner website at <http://www.ibm.com/zseries/swprice/subcap/>

- b. Eligible Operating System licenses are charged at Full Capacity MSUs until IBM has processed the initial Sub-Capacity Report for that Eligible Operating System on that Eligible Machine, enabling Sub-Capacity Pricing for that Operating System Family.
- c. the initial monthly charge for a non-operating system license is based upon the applicable operating system MSUs.
- d. once Sub-Capacity Pricing has commenced for an Eligible Operating System on a Eligible Machine, if a VWLC IBM Program does not appear in a Sub-Capacity Report subsequent to its initial monthly charge, it will be charged at the minimum VWLC MSUs;

NOTE: IBM specifies minimum VWLC MSUs in its programming announcements;

- e. If the Government elects to have Sub-Capacity Pricing for a VWLC IBM Program on an Eligible Machine, then the Government must have Sub-Capacity for all VWLC IBM Programs in that Operating System Family on that Eligible Machine;
- f. VWLC features have the same MSUs as the Program;
- g. when z/TPF is licensed to an Eligible Machine, the Sub-Capacity Reporting Tool calculates the number of MSUs for z/TPF IBM Programs running on it. See the Amendment for Calculation of z/TPF MSUs (INTC-7283) for further details;
- h. when z/OS is licensed to an Eligible Machine, the Sub-Capacity Reporting Tool calculates the number of MSUs used across all of the z/OS LPARs in which each z/OS VWLC IBM Program ran during the Reporting Period as follows:

<b>If z/OS is running in Native LPAR(s) ...</b>	<b>and z/OS is running in Guest LPAR(s), at least one of which is at V1.6 or lower ...</b>	<b>and z/OS is running in Guest LPAR(s), at least one of which is at V1.7 or higher ...</b>	<b>then, MSUs are calculated in LPAR(s) in which the VWLC IBM Program ran, as follows:</b>
Yes	Yes	Yes	The highest combined:
Yes	Yes	No	1. 4-hour rolling average utilization across all z/OS Native LPARs, and 2. the maximum capacity of all z/OS Guest LPARs
Yes	No	Yes	The highest combined 4-hour rolling average utilization across all z/OS Native LPARs and z/OS Guest systems
Yes	No	No	
No	No	Yes	
No	Yes	Yes	The highest combined maximum capacity of all z/OS Guest LPARs

No	Yes	No	
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The Government may manage Native z/OS LPAR utilization by specifying an LPAR defined capacity on the Hardware Management Console (“HMC”). However, this is not required to obtain Sub-Capacity Pricing. If the Government chooses to specify the defined capacity for a particular Native z/OS LPAR, the Sub-Capacity Reporting Tool will use the lower of the specified capacity or the 4-hour rolling average in order to determine the number of MSUs associated with a VWLC IBM Program.

If an OS/390 or MVS operating system is licensed to the same Eligible Machine, then charges for the z/OS Operating System Family are based on Full Capacity MSUs

- i. The capping function in z/OS is used to ensure the workload does not exceed the LPAR defined capacity Government has specified on a 4-hour rolling average. To achieve this, the capping function may automatically reduce and limit computer resources to workloads running in that LPAR. By defining the LPAR capacity, the Government authorizes the capping function to cap the computer's resources as defined; and,.
  - ii. Increase in any IBM System z Program VWLC charges, due to changes the Government makes in the MSU capacity for any Eligible Machine it is licensed to, will be in effect for a minimum period of one month.
4. When aggregated VWLC apply to IBM Programs, aggregated charges:
- a. Are available only for IBM Programs used on an Eligible Machine in a Parallel Sysplex.
  - b. Are based on the sum of the MSUs on the Sub-Capacity Reports that the Government submits to IBM for each copy of an IBM Program installed on qualifying Eligible Machines in a Parallel Sysplex. If Sub-Capacity Pricing is not in effect, aggregated charges are based on Full Capacity MSUs.
  - c. Require two or more Eligible Machines actively coupled using the applicable coupling links and Coupling Facility specified in the Appendix.
  - d. To be actively coupled, the following criteria must be met:
    - i. All Eligible Machines in the Parallel Sysplex must be physically attached via coupling links to a common Coupling Facility. In addition, time synchronization must be provided using either timer links to a common Sysplex Timer or coupling links transporting Server Time Protocol (“STP”) timing information in an STP Coordinated Timing Network (“CTN”).
    - ii. If a Coupling Facility is divided into LPAR's, all Eligible Machines must be attached to the same Coupling Facility LPAR.
    - iii. All Eligible Operating System images that comprise the Parallel Sysplex environment must have at least one common Systems Enablement Function, specified in the Appendix, activated to use the Coupling Facility across all images in the Parallel Sysplex.
    - iv. The configuration and operating modes described herein must be the normal mode of operations for this environment.

- v. An Eligible Machine can only be in one Parallel Sysplex for pricing purposes. The Eligible Operating System images participating in the Systems Enablement Function(s) must account for at least 50 percent of the total Eligible Operating System workload on each Eligible Machine.

In the event there are two LPARs, each 50 percent of the total Eligible Operating System workload, connected to two Parallel Sysplexes, the Government may select which Parallel Sysplex the Eligible Machine will be included in for billing.

On an annual basis, upon IBM's request, the Government will provide IBM with a completed IBM Sysplex Verification Package

Note: Information can be found at <http://ibm.com/zseries/swprice/sysplex/>

Additional information regarding the technical aspects of Parallel Sysplex aggregation and detailed information on tools, processes, and procedures may be found at the Sysplex Aggregation website at the following URL: <http://ibm.com/zseries/swprice/sysplex/>

## 2. IBM's Responsibilities

IBM will:

1. Specify
  - a. The Eligible Machines and their Full Capacity MSUs,
  - b. The applicable Coupling Facilities
  - c. Eligible Operating Systems
  - d. Systems Enablement Functions, and
  - e. The date and the process for transmitting Sub-Capacity Reports to IBM;
2. Provide the Sub-Capacity Reporting Tool;
3. Adjust VWLC in response to the changes the Government indicate on the Sub-Capacity Reports you submit; and
4. Register Eligible Machines when the Government submits the initial Sub-Capacity Reports.

## 3. Government's Responsibilities under Sub-Capacity Pricing

**Government agrees to:**

1. Promptly install any enabling code for IBM Programs or IBM System z Licensed Internal Code (LIC) required for Sub-Capacity Pricing;
2. Collect, and retain for a period of not less than six months, the SMF and SCRT89 data records for all LPARs, by Eligible Machine, required by the Sub-Capacity Reporting Tool for each Reporting Period;
3. Run the most current version of the Sub-Capacity Reporting Tool against the collected SMF and SCRT98 data to produce a Sub-Capacity Report. In addition, the Government agrees to specify the LPAR name(s) in the Sub-Capacity Report where any IBM Programs run for which SMF or SCRT89 data is not created. If there have been special circumstances during

the Reporting Period, the Government may also provide alternate values, as defined in the SCRT Users Guide (SG24-6522), for each IBM Program with an explanation for the variance.

4. Send to IBM within the time specified in the Appendix,
  - a. The initial Sub-Capacity Report that is based on the data for the entire initial Reporting Period for each Eligible Machine that the Government wishes IBM to register for Sub-Capacity Pricing; and
  - b. Subsequent Sub-Capacity Reports that are based on the data for each entire Reporting Period thereafter, for each registered Eligible Machine.

Sub-Capacity Reports may not be used to order or discontinue licenses, move licenses between Eligible Machines, report Eligible Machine model upgrades, or enable or disable IBM Program features.

Both IBM and the Government agree that Sub-Capacity Reports that reflect a changed Product LPAR Utilization Capacity will be considered to be orders placed by you, and you authorize IBM to make any resulting billing increase or decrease. Sub-Capacity Reports not submitted by the "not later than" date specified in the Appendix will result in IBM Programs being charged on a full Capacity MSU basis for the Reporting Period;

The Government is responsible for monitoring funding allocated on their current Order or Contract and issuing Modifications whenever the result of increases and/or decreases in charges exceed such allocated funding. A Modification may also be required for line item changes, if required by the ordering agency. The Government is responsible for paying invoices for all monthly usage.

5. Configure the Government's Machine to send weekly to IBM Transmit System Availability Data ("TSAD") weekly to IBM via the Remote Support Facility ("RSF"). This enables IBM to verify that the Product LPAR Utilization Capacity MSUs in the Sub-Capacity Reports submitted to IBM are consistent with the Government's actual Machine configuration. An alternate means for the Government to collect and transmit this data is provided in the "z/OS Planning for Sub-Capacity Pricing" publication. Failure to submit TSAD may result in IBM Programs being charged on a Full Capacity MSU basis;
6. Assign a person in Government's organization with authority to discuss and promptly resolve any questions on Sub-Capacity Reports or inconsistencies between Sub-Capacity Report contents or current license entitlement, and configuration data reported via the RSF; and
7. Notify IBM if the Government elects to convert from Sub-Capacity Pricing to WLC at Full Capacity MSUs.
8. The Sub-Capacity Reports must be transmitted to IBM on the second, but not later than the ninth, calendar day of the month. The e-mail address for transmitting the Reports is fednotes@us.ibm.com.

### **5.17.9 ATTACHMENT EWLC, TWLC, zELC AND z/OS.E LICENSE CHARGES**

These terms are in addition to those of Chapter 1 and Chapter 5.

This Attachment provides additional terms for (1) Programs running on an Eligible Machine with zSeries Entry License Charges (“zELC”), Entry Workload License Charges (“EWLC”), or Tiered Workload License Charges (“TWLC”); and (2) terms for z/OS.e. When running on an Eligible Machine, z/TPF, z/OS, or z/OS.e must be running in z/Architecture (64-bit) mode.

**NOTE:** If z/OS.e is not running and the only charges for operating systems on an Eligible Machine are zELC, TWLC, or Full-Capacity EWLC charges, then this Attachment need not be signed. IBM System z Machines Exhibit (Z125-3901-55 or later) applies.

## Definitions

**Eligible Machine** – A Machine to which an Eligible Operating System is licensed. Any copies of Eligible Operating Systems that run on an Eligible Machine must run in zArchitecture (64-bit) mode. Eligible Machines are specified in the Exhibit for EWLC, TWLC, zELC and z/OS.e License Charges, Z125-6588-11 or later (“Exhibit”).

**Eligible Operating Systems** – An Operating System specified in the Exhibit

**Full Capacity** – EWLC pricing of Programs based on the total MSUs of the Eligible Machine.

**Full Logical Model Capacity** – The total MSU capacity of the Logical Model.

**Guest (LPAR)** – An Eligible Operating System when running on z/VM.

**MSUs** – Millions of Service Units per hour. Units of Workload capacity of an Eligible Machine.

**Native (LPAR)** – An Eligible Operating System when not running on z/VM.

**Operating System Family** – An IBM operating system and the IBM middleware that runs under it. The applicable IBM operating systems are z/OS, z/TPF, and z/VSE V4 or higher.

**Product LPAR Utilization Capacity** – The highest number of MSUs utilized by the combined logical partitions (“LPARs”) in which an EWLC IBM Program runs concurrently during a Reporting Period. The number of MSUs is based on a 4-hour rolling average utilization.

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

**Sub-Capacity** – EWLC pricing of Programs based on less than the total MSUs of the Eligible Machine.

**Sub-Capacity Report** – A report generated by the IBM-provided Sub-Capacity Reporting Tool. The tool analyzes System Management Facilities (“SMF”) data and SCRT89 data and calculates the Product LPAR Utilization Capacity for most EWLC IBM Programs. The Sub-Capacity Report includes these calculations. Customer is required to submit the report to IBM only if Sub-Capacity pricing is in effect.

**Mainframe Exhibits section of the System z Software Contracts Web site** – <http://ibm.com/systems/z/swprice/reference/exhibits/hardware.html>

## LPAR Limitations

Government may not use more than 15 LPARs on a zSeries 890 Capacity Setting 110

## Charges for Programs running on an Eligible Machine

### Logical Models:

For determining the basis for certain software license charges, an Eligible Machine may be divided into two Logical Models, one running z/OS.e and the other running some other operating system(s). If the Eligible Machine is running only z/OS.e, or is not running z/OS.e, then there is only one Logical Model and it is equal to the physical Eligible Machine model. (**Note:** Integrated Facility for Linux (“IFL”) engines are not part of Logical Models or the physical Eligible Machine model.)

Logical Models may be calculated as follows

- a. If the only charges for Programs on an Eligible Machine are zELC, a table illustrating the various Logical Model combinations may be found in the Exhibit.
- b. If an Eligible Machine is running a combination of z/OS.e with EWLC charges and some other operating system, the following steps are used to calculate the Logical Model:

- .1 The Government advises IBM of planned MSUs:

Within 30 days of the billing period start date for EWLC charges, the Government will advise IBM of the planned MSU usage for both the z/OS.e and the non-z/OS.e Logical Models. The total planned MSUs must equal the total MSU capacity of the Eligible Machine. To determine the total MSU capacity of each model of an Eligible Machine, see the Mainframe Exhibits section of the System z Software Contracts Web site.

- .2 IBM to calculate Logical Model sizes:

- (a) IBM will calculate the Logical Model sizes for zELC Programs by selecting the Logical Model with an MSU rating that equals the Government’s planned z/OS.e MSU usage or the next higher Logical Model if Government’s planned z/OS.e MSU usage exceeds the MSU rating for a Logical Model. IBM will similarly calculate the non-z/OS.e Logical Model using non-z/OS.e MSUs.
- (b) IBM will calculate the appropriate tier for TWLC programs based upon the Government’s planned z/OS.e MSU usage. IBM will similarly calculate the non-z/OS.e tier using the non-z/OS.e MSUs.

- .3 Changing Logical Models sizes:

- (a) If an Eligible Machine is upgraded or downgraded, or if the Government changes the MSUs used for z/OS.e, the Government will advise IBM of the new planned MSUs for both z/OS.e and non-z/OS.e. IBM will adjust the Logical Model sizes accordingly.

- .4 If MSU usage is greater than the total MSU capacity of the Eligible Machine:

In the event actual MSUs reported on a Sub-Capacity Report for both the z/OS.e and non-z/OS.e Logical Models exceed the total MSU capacity of the Eligible Machine, IBM will reduce the z/OS.e MSUs so that the total MSUs do not exceed the total MSU capacity of the Eligible Machine. However, the z/OS.e MSUs may not be reduced below 3 MSUs. If necessary, the non-

z/OS.e MSUs will also be reduced so the total MSU capacity of the Eligible Machine is not exceeded.

This calculation will not impact zELC charges, only EWLC charges.

- .5 Actual MSU use exceeds planned MSUs provided to IBM:
  - (a) If the Sub-Capacity Report shows that actual non-z/OS.e MSU usage exceeded the planned MSU usage that the Government provided to IBM, IBM may adjust the size of the Logical Models accordingly. Both IBM and the Government agree that this will result in a billing increase.
  - (b) The Government is responsible for monitoring funding allocated on their current Order or Contract and issuing Modifications whenever the result of an increase in charges exceed such allocated funding. A Modification may also be required for line item changes, if required by the ordering agency. The Government is responsible for paying invoices for all monthly usage.
- c. If the charges on an Eligible Machine are either aggregated Variable Workload License Charge (“VWLC”) or aggregated Parallel Sysplex License Charges (“PSLC”), and a Program is running on only one of the Logical Models, the Full Logical Model Capacity for each Logical Model is defined as follows:
  - .1 For a Program running in the Logical Model with z/OS.e:
    - (a) divide the total number of MSUs in the Eligible Machine by the number of engines in that Eligible Machine;
    - (b) multiply that result by the number of engines in the Logical Model;
    - (c) if the result is not a whole number, any fraction equal to or greater than one-half is rounded up to the next whole number. Otherwise, fractions are dropped.
  - .2 For a Program running in the Logical Model without z/OS.e, subtract the MSUs calculated above from the total MSUs in the Eligible Machine.

**Aggregated Charges:**

- d. Aggregated PSLC may apply if the Eligible Machine is coupled in a Parallel Sysplex that has aggregated PSLC charges. Usage Pricing Charges may apply.
- e. Aggregated Workload License Charges (“WLC”) may apply if the Eligible Machine is coupled in a Parallel Sysplex that has aggregated WLC charges.
- f. Prerequisite Attachments, Supplements and Exhibits for Aggregated Charges (as applicable)
  - .1 For PSLC:
    - (a) Attachment for Parallel Sysplex License Charges; and
    - (b) Exhibit - Parallel Sysplex License Charges (Z125-5206).
  - .2 For WLC:
    - (a) Attachment for IBM System z Workload License Charges; and

(b) IBM System z Workload License Charges Exhibit (Z125-6324).

**zELC Charges:**

- g. zELC charges are based on the category of the Logical Model.
- h. zELC charges are available for selected Programs used on Eligible Machines that are identified in the “Group” column by “zELC,” followed by the zELC category, on the Mainframe Exhibits section of the System z Software Contracts Web site.
- i. When zELC charges are not available for certain Programs, a default charge applies. It is specified on the Mainframe Exhibits section of the System z Software Contracts Web site for each applicable Eligible Machine in the column called “Other.”
  - .1 If the Government selects zELC charges for any Program on an Eligible Machine, then all Programs for which zELC charges are available must have zELC charges, unless EWLC charges are available for selected Programs. In this case those Programs may have EWLC charges.
- j. Increases in any zELC or default charges for Programs, due to changes in the category or model placement for any Eligible Machine to which the Programs are licensed, will be in effect for a minimum period of one month.

**TWLC Charges**

- k. TWLC charges are a tiered price structure and based on Full Logical Model Capacity. Sub-Capacity pricing is not available.
- l. TWLC charges are available for selected Programs used on non-aggregated Eligible Machines identified in the “Group” column by “TWLC” followed by the TWLC tier on the Mainframe Exhibits section of the System z Software Contracts Web site.
- m. When TWLC charges are not available for certain programs, a default charge applies. It is specified on the Mainframe Exhibits section of the System z Software Contracts Web site for each applicable Eligible Machine in the column called “Other.”
  - .1 If the Government selects TWLC charges for any Program on an Eligible Machine, then all Programs for which TWLC charges are available must have TWLC charges, unless EWLC charges are available for selected Programs. In this case those Programs must have EWLC charges. However, if the Government elects Midrange Workload License Charges (“MWLC”) on z/VSE V4 or higher then all Programs with MWLC available must have MWLC charges.
- n. Increases in any TWLC or default charges for Programs, due to changes in the tier placement for any Eligible Machine to which the Programs are licensed, will be in effect for a minimum period of one month.

**EWLC Charges:**

- o. EWLC charges are based on Full Capacity or Sub-Capacity pricing.
- p. EWLC charges are available only for selected Programs used on non-aggregated Eligible Machines that are identified in the “Group” column by “EWLC” on the Mainframe Exhibits section of the System z Software Contracts Web site.



- q. If the Government selects EWLC charges for a Program on an Eligible Machine, then all Programs for which EWLC charges are available must have EWLC charges. All other Programs on that Eligible Machine must have zELC charges, if zELC charges are available, or TWLC charges, if TWLC charges are available. However, if the Government elects Midrange Workload License Charges (“MWLC”) on z/VSE V4 or higher then all Programs with MWLC available must have MWLC charges.

IBM Programs with Select Application License Charges (“SALC”) may be licensed to the same Eligible Machine as IBM Programs with EWLC Charges. SALC is described in the Select Application License Charges Amendment to Attachment for IBM System z Usage Pricing Charges (Z125-7284-00 or later),

- r. Full Capacity Pricing Terms:

Increases in EWLC charges for Programs, due to changes in the model placement for any Eligible Machine to which the Programs are licensed, will be in effect for a minimum period of one month.

- s. Sub-Capacity Pricing Terms:

- .1 Sub-Capacity Charges:

- (a) Monthly charges are based on the number of MSUs reported in the Program’s Sub-Capacity Report for the specified Eligible Machine during a Reporting Period. This value corresponds to the Product LPAR Utilization Capacity or must equal Full Capacity. If Sub-Capacity pricing is not in effect, monthly charges are based on Full Capacity.

NOTE: Information on IBM’s billing process, including how to determine the applicable Reporting Period for a particular month’s charges, can be found on the Sub-Capacity Corner website at: <http://ibm.com/systems/z/swprice/subcap/terms.html> .

- (b) Eligible Operating System licenses are charged at Full Capacity MSUs until IBM has processed the initial Sub-Capacity Report for that Eligible Operating System on that Eligible Machine, enabling Sub-Capacity Pricing for that Operating System Family.
- (c) The initial monthly charge for a non-operating system license is based upon the applicable operating system MSUs.
- (d) Once Sub-Capacity Pricing has commenced for an Eligible Operating System on an Eligible Machine, if an EWLC Program does not appear in a Sub-Capacity Report subsequent to its initial monthly charge, the Program will be charged at the minimum EWLC MSUs.

NOTE: IBM specifies minimum EWLC MSUs in its programming announcements.

If the Government elects to have Sub-Capacity Pricing for an EWLC IBM Program on an Eligible Machine, then Government must have Sub-Capacity Pricing for all EWLC IBM Programs in that Operating System Family on that Eligible Machine.

- (e) EWLC features have the same MSUs as the Program.

- (f) When z/TPF is licensed to an Eligible Machine, the Sub-Capacity Reporting Tool calculates the number of MSUs for z/TPF Programs running on it. See the Amendment for Calculation of z/TPF MSUs (Z125-7283) for further details.
- (g) When z/OS or z/OS.e is licensed to an Eligible Machine, the Sub-Capacity Reporting Tool calculates the number of MSUs used across all the z/OS and z/OS.e LPARs in which each EWLC Program ran during the Reporting Period as follows:

If z/OS or z/OS.e is running in Native LPAR(s) ...	and z/OS or z/OS.e is running in Guest LPAR(s), at least one of which is at V1.6 or lower ...	and z/OS or z/OS.e is running in Guest LPAR(s), at least one of which is at V1.7 or higher ...	then, MSUs are calculated in LPAR(s) in which the EWLC IBM Program ran, as follows:
Yes	Yes	Yes	The highest combined
Yes	Yes	No	1. 4-hour rolling average utilization across all z/OS and z/OS.e Native LPARs, and
			2. The maximum capacity of all z/OS and z/OS.e Guest LPARs
Yes	No	Yes	The highest combined 4-hour rolling average utilization across all z/OS and z/OS.e Native LPARs and z/OS and z/OS.e Guest systems
Yes	No	No	
No	No	Yes	
No	Yes	Yes	The highest combined maximum capacity of all z/OS and z/OS.e Guest LPARs
No	Yes	No	

The Government may manage Native z/OS or z/OS.e LPAR utilization by specifying the LPAR defined capacity on the Hardware Management Console (“HMC”). However, this is not required to obtain Sub-Capacity pricing. If Government chooses to specify the defined capacity for a particular Native z/OS or z/OS.e LPAR, the Sub-Capacity Reporting Tool will use the lower of the specified capacity or the 4-hour rolling average in order to determine the number of MSUs associated with each EWLC Program

- (h) If an OS/390 or MVS operating system is licensed to the same Eligible Machine, then charges for the z/OS Operating System Family are based on Full Capacity.
- (i) The capping function in z/OS or z/OS.e is used to ensure the workload does not exceed the LPAR defined capacity Government specified on a 4-hour rolling average. To achieve this, the capping function may automatically reduce and limit computer resources to workloads running in that LPAR. By defining the LPAR capacity, Government authorizes the capping function to cap the computer’s resources as defined.

.2 IBM’s Responsibilities:

IBM will:

- (a) specify in the Exhibit a) the Eligible Machines, and b) the date and the process for transmitting Sub-Capacity Reports to IBM;
- (b) provide the Sub-Capacity Reporting Tool;
- (c) adjust EWLC in response to the changes the Government indicates on the Sub-Capacity Reports that the Government submits; and
- (d) register Eligible Machines when the Government submits the initial Sub-Capacity Reports.

.3 Government's Responsibilities under Sub-Capacity Pricing:

The Government agrees to:

- (a) promptly install any enabling code for Programs or IBM System z Licensed Internal Code ("LIC") required for Sub-Capacity pricing;
- (b) collect, and retain for a period of not less than six months, the SMF and SCRT89 data records for all LPARs, by Eligible Machine, required by the Sub-Capacity Reporting Tool for each Reporting Period;
- (c) run the most current version of the Sub-Capacity Reporting Tool against the collected SMF and SCRT89 data to produce a Sub-Capacity Report. In addition, Government agrees to specify the LPAR name(s) in the Sub-Capacity Report where any IBM Programs run for which SMF or SCRT89 data is not created. If there have been special circumstances during the Reporting Period, the Government may also provide alternate values, as defined in the SCRT Users Guide (SG24-6522), for each Program, with an explanation for the variance;
- (d) send to IBM within the time specified in the Exhibit:
  - (i) the initial Sub-Capacity Report that is based on the data for the entire initial Reporting Period for each Eligible Machine that the Government wishes IBM to register for Sub-Capacity pricing; and
  - (ii) subsequent Sub-Capacity Reports that are based on the data for each entire Reporting Period thereafter, for each registered Eligible Machine.

Sub-Capacity Reports may not be used to order or discontinue licenses, move licenses between Eligible Machines, report Eligible Machine model upgrades, or enable or disable Program features. Both IBM and the Government agree that Sub-Capacity Reports that reflect a changed Product LPAR Utilization Capacity may result in billing increase or decrease. The Government agrees to pay such revised charges. The Government is responsible for monitoring funding allocated on their current Order or Contract and issuing Modifications whenever the result of increases and/or decreases in charges exceed such allocated funding. A Modification may also be

required for line item changes, if required by the ordering agency. The Government is responsible for paying invoices for all monthly software charges. Sub-Capacity Reports not submitted by the “not later than” date specified in the Appendix will result in Programs being charged on a Full Capacity basis for the Reporting Period;

- (e) configure Governmentr’s Eligible Machine to send Transmit System Availability Data (“TSAD”) weekly to IBM via the Remote Support Facility (“RSF”). This enables IBM to verify that the Product LPAR Utilization Capacity MSUs in the Sub-Capacity Reports Government submits to IBM are consistent with Government’s actual Eligible Machine configuration. An alternate means for Government to collect and transmit this data is provided in the “z/OS Planning for Sub-Capacity Pricing” publication. Failure to submit TSAD may result in Programs being charged on a Full Capacity basis;
- (f) assign a person in Governmentr’s organization with authority to discuss and promptly resolve any questions on Sub-Capacity Reports or inconsistencies between Sub-Capacity Report contents or current license entitlement, and configuration data reported via the RSF; and
- (g) notify IBM if Government elects to convert from Sub-Capacity pricing to EWLC at Full Capacity.

#### **GOTC Charges (Graduated One-Time Charges)**

- a Programs for which Customer has paid GOTC may be moved to an Eligible Machine.
- b Upgrade charges will apply if the Eligible Machine “Default Model Group” specified in the Exhibit or the Mainframe Exhibits section of the System z Software Contracts Web site is higher than the current GOTC entitlement. Refunds do not apply if the Eligible Machine Default Model Group is lower.
- c Contact IBM for special pricing if the GOTC license is being moved to an Eligible Machine whose applicable default charge is based on MSUs rather than a specific Default Model Group.

#### **z/OS.e Charges:**

z/OS.e charges are based on the number of engines in the Logical Model in which z/OS.e runs or on EWLC charges.

#### **Additional License Terms for z/OS.e**

- d Government may run z/OS.e only on Eligible Machines.
- e Governmetn must run z/OS.e in a Logical Partition (“LPAR”) that has “ZOSE” as the first four characters of the LPAR name.
- f Government must execute z/OS.e in z/Architecture (64-bit) mode.

- .g Government must order and license z/OS.e for the number of engines in the Logical Model in which Customer will run z/OS.e, or alternatively, z/OS.e may be ordered with EWLC charges.
- .h Government may use only the levels of Language Environment (LE), JES2 and JES3 that are delivered with z/OS.e.
- .i Government may not run any of the following z/OS.e base elements, optional features, or functions:
  - .1 BookManager READ
  - .2 BookManager BUILD feature
  - .3 GDDM
  - .4 GDDM-PGF feature
  - .5 GDDM-REXX feature
  - .6 DCE Application Support
  - .7 LANRES
  - .8 Bulk Data Transfer (BDT) File-to-File feature
  - .9 Language Environment's use of Run-time Library Services (RTLS)
  - .10 Language Environment Routine Retention (LRR)
  - .11 Language Environment Compatibility Preinitialization for C and PL/I
  - .12 Encina Toolkit Executive
  - .13 MICR/OCR
  - .14 Communications Server Network Print Facility (NPF) feature
- .j Government may not run any of the following under z/OS.e:
  - .1 CICS, IMS, FORTRAN, or COBOL applications. However, Government may run precompiled COBOL DB2 stored procedures and other precompiled COBOL applications using the Language Environment preinitialization interface (CEEPIPI). Government may also use DB2, CICS, and IMS Connectors to access existing z/OS or OS/390 systems or an application server on Linux for zSeries. Hipersockets may be used as long as they access LPARs or IFLs on the same Eligible Machine.
  - .2 COBOL, FORTRAN, PL/I, or VisualAge PL/I compilers. However, Customer may execute precompiled PL/I and VisualAge PL/I applications.
  - .3 DB2 QMF Host feature, DB2 QMF HPO feature.
  - .4 Government may not have more than eight concurrent TSO users under z/OS.e.

- .5 Government may not run any operating system other than z/OS.e, z/VM V4, z/VM V5 and LINUX in the z/OS.e Logical Model. Such operating systems include, for example, z/OS, OS/390, MVS, VM (prior to z/VM V4), VSE, z/VSE, TPF, z/TPF, etc.
- .6 Government agrees to configure Government Eligible Machine to send Transmit System Availability Data (“TSAD”) to IBM weekly via the Remote Support Facility (“RSF”). This enables IBM to verify that Government z/OS.e license matches Customer’s actual Eligible Machine configuration. An alternate means for Government to collect and transmit this data is provided in the “Hardware Management Console Operations Guide” publication.

### **Programs that run on an IFL**

- .k Programs that run on an IFL engine may be licensed under the terms of the agreement provided with them.
- .l Charges for Programs that IBM has announced as eligible to run on IFL engines are based on the total number of IFL engines installed on the Eligible Machine.
- .m If a Program runs on the IFL engine(s) and on the engine(s) of one or both of the Logical Models, the charges are based on the total of the IFL engines and the engines in the Logical Models where the Program runs.

### **Compliance Verification**

For purposes of this section, "ICA Program Terms" means terms applicable to ICA Programs in Chapter 1 and Chapter 5 and applicable Transaction Documents and Attachments (including this one). See Compliance Terms in the Chapter.

This Attachment, Chapter 1 and Chapter 5, including applicable Attachments and Transaction Documents, are the complete agreement regarding (1) EWLC, TWLC, or zELC for Programs running on an Eligible Machine; and (2) z/OS.e, and replace all prior oral or written communications, representations, undertakings, warranties, promises, covenants, and commitments between Customer and IBM regarding (1) EWLC, TWLC, or zELC for Programs running on an Eligible Machine; and (2) z/OS.e. In entering into this Attachment, including any applicable Transaction Document, neither party is relying on any representation that is not specified in this Attachment, the Transaction Document, or the Agreement. Additional or different terms regarding this offering identified in a Government Delivery Order, unless provided in an IBM proposal or quote, are void.

### **5.17.10 ATTACHMENT SELECT APPLICATION LICENSE CHARGES FOR IBM SYSTEM zUSAGE PRICING CHARGES**

The terms of Select Application License Charges for IBM System z Usage Pricing Charges (“Amendment”) modifies and is made a part of the terms for IBM System z Usage Pricing Charges, and associated Appendices apply to Select Application License Charges (“SALC”) terms, except in the case of a conflict, in which case the terms stated herein prevail. In addition, terms in Appendix P also apply to Select Application License Charge software. Any Programs licensed in accordance with the terms of this Amendment may be licensed only to a Designated Machine that properly implements 64-bit z/Architecture.

## 1. SALC Eligible Programs and Measurements

The following supersedes Appendix N for IBM System z Usage Pricing Charges Programs for which SALC is available are at listed at <http://www.ibm.com/zseries/library/swpriceinfo/> Click on “Usage Pricing Charges and Select Application License Charges”

1. SALC requires z/OS. In addition, Workload License Charges (“WLC”) or Entry Workload License Charges (“EWLC”) must be in effect on the same machine.
2. Usage Levels and ranges for SALC Programs:

Usage Level	Usage Range in MSUs (CPU SUs in millions)
Base 1	1.00
Level A	2.00 - 11.00
Level B	12.00 - 44.00
Level C	45.00 - 78.00
Level D	79.00+

Pricing for usage less than or equal to one MSU requires the Base 1 feature, while usage above one MSU requires the Base 1 feature plus the appropriate number of Level A, B, C and D features. For charging purposes, reported usage is rounded up to the nearest whole MSU.

## 2. Transitioning from Usage Pricing

The highest monthly usage, derived from the preceding Usage Pricing Charge billing period (including one month before that billing period and excluding the final month of the billing period), will be used to determine your monthly SALC charge when transitioning a Program under Usage Pricing to SALC charges.

### 5.17.11 AMENDMENT IBM SYSTEM Z PROGRAMS SUB-CAPACITY PRICING

These terms modify or are in addition to the IBM Program License Agreement (“IPLA”).

Subject to the terms of this Amendment for IBM System z Programs Sub-Capacity Pricing (“Amendment”), IBM enables the Government to obtain Sub-Capacity Pricing for certain System z Programs with one-time charge pricing (“Eligible Programs”). Eligible Programs are as generally announced by IBM, and each is specified at <http://ibm.com/systems/z/swprice/reference/exhibits/> . (click on “IPLA Execution-Based”, “IPLA Reference-Based”, or “IPLA z/OS-Based”). This Amendment supersedes any sub-capacity terms offered for Eligible Programs in their License Information or other agreements.

If there is a conflict between the terms of this Amendment and those of the Agreement or IPLA, those of this Amendment prevail.

The Government accepts the terms of this Amendment by issuing IBM a delivery order or contract.

## Incorporated Terms

## 1. Eligible Programs Running in a Workload License Charges (“WLC”) Environment

The following sections of the Attachment for IBM System z Workload License Charge of the GSA IT Schedule, apply to the Eligible Programs as if they were Variable Workload License Charge (“VWLC”) Programs with Sub-Capacity Pricing, and are incorporated by reference into this Amendment with modifications as indicated:

Section 1 - Definitions:

Section 4 – Government’s (or “Your”) Responsibilities under Sub-Capacity Pricing with the following modification:

Subsection 4: *The phrase “Government authorizes (or “you authorize”) IBM to make any resulting billing increase or decrease” in the sentence that begins with “Both IBM and the Government agree that Sub-Capacity Reports...” is replaced by “Government authorizes (or “you authorize”) IBM, to make any resulting billing increase.”*

## 2. Eligible Programs Running in an Entry Workload License Charges (“EWLC”) Environment

The following sections of the Attachment for EWLC, TWLC, zELC, and z/OS.e License Charges of the GSA IT Schedule, Z125-6587 (“EWLC Attachment”), apply to the Eligible Programs as if they were Entry Workload License Charge (“EWLC”) Programs with Sub-Capacity Pricing, and are incorporated by reference into this Amendment with modifications as indicated:

### Section 1 - Definitions

Subsection 3.6(e) - **Sub-Capacity Pricing Terms** with the following modification:,

Item (iii)(4): *The sentence “Both IBM and the Government agree (or “You authorize”) IBM to make any resulting billing increase or decrease, and agree to pay such revised charges” is replaced by “Customer authorizes (or “You authorize”) IBM to make any resulting billing increase, and agree to pay such revised charges.”*

## 3. Eligible Programs Running in a System z New Application License Charges (“zNALC”) Environment

The following sections of the Attachment for zNALC License Charges on IBM System z of this GSA Schedule, Z125-7454 (“zNALC Attachment”), apply to the Eligible Programs as if they were zNALC Programs with Sub-Capacity Pricing, and are incorporated by reference into this Amendment with modifications as indicated:

### Section 1 - Definitions

**Subsection 6(f)** – Government Responsibilities under Sub-Capacity Pricing with the following modification:

*The phrase “Government authorizes IBM to make any resulting billing increase or decrease” is replaced by “Government authorizes IBM to make any resulting billing increase.”*

## 4. Additional Definitions

**Environment** - Standalone machine or a machine in a parallel sysplex



**Execution-Based Terms** - Execution-Based licensing terms apply to Eligible Programs whose value is based on the Product LPAR Utilization Capacity of the execution (run-time) Environment. The capacity of an Eligible Program with Execution-Based terms must equal the Product LPAR Utilization Capacity of the LPAR(s) where it executes.

In addition, if a Program is qualified for “IBM Getting Started Sub-Capacity Pricing for z/OS IPLA Software,” then the MSUs reported by SCRT may be a fraction of the Product LPAR Utilization Capacity.

**Reference-Based Terms -**

a. Reference-Based licensing terms apply to Eligible Programs that add value to particular monthly license charge (MLC) Programs or, in selected cases, to particular one time charge (OTC) Programs. The capacity of an Eligible Program with Reference-Based terms must equal the Product LPAR Utilization Capacity of the applicable MLC or OTC Program. This MLC or OTC Program is called the “Parent Program.”

b. Eligible Programs with Reference-Based terms add value to the Parent Program across the Environment, regardless of where in the Environment the Parent Program(s) execute.

c. When an Eligible Program with Reference-Based terms is used in a qualified Parallel Sysplex (described in the WLC Attachment or zNALC Attachment), the capacity of the Eligible Program must be equal to the Product LPAR Utilization Capacity of the Parent Programs across the Parallel Sysplex.

d. Where there are multiple versions of the Parent Program licensed in the Environment, the IPLA charges will be based on the total Product LPAR Utilization Capacity of the Parent Programs, but capped at the Parent Programs’ z/OS Product LPAR Utilization Capacity.

**z/OS-Based Terms** - z/OS-Based licensing terms apply to Eligible Programs that provide value to the particular machine where the Program is used. The capacity of an Eligible Program with z/OS-Based Terms must equal the Product LPAR Utilization Capacity of z/OS on that machine.

**5. Qualifications**

a. Customer must have executed the AWLC Attachment, the AEWLC Attachment, the WLC Attachment, the EWLC Attachment, or the zNALC Attachment, as applicable.

b. Government must agree to keep IBM informed of the type, model, and serial number of each machine on which each Eligible Program is executing. The scope of Government’s tracking extends to all machines in your Agency or Department within your Agency, whether the Eligible Programs have Sub-Capacity or Full Capacity charges. If Government is unwilling or unable to fulfill Government’s tracking responsibilities, IBM may terminate this contract upon 30 days written notice. In such event, Full Capacity terms would apply.

c. If Government has Eligible Programs with Execution-Based or z/OS-Based terms, Customer must have selected Sub-Capacity Pricing for AWLC, AEWLC, VWLC, EWLC, or zNALC, as appropriate, on the machine where the Eligible Program is being used, otherwise Full Capacity MSUs will apply.

d. If Government has Eligible Programs with Reference-Based terms, Government must have selected Sub-Capacity Pricing for AWLC, AEWLC, VWLC, or EWLC, as appropriate, for the

Parent Program(s). Full Capacity MSUs will apply for any machine(s) where the Parent Program is not in Sub-Capacity mode.

e. z/OS or z/OS.e must run in z/Architecture (64-bit) mode.

f. OS/390 and MVS may not be licensed to a machine with Sub-Capacity Pricing.

g. For specific machine qualifications, see the Mainframe Exhibits section of the System z Software Contracts Web site

(<http://ibm.com/systems/z/swprice/reference/exhibits/hardware.html>). See machines with “(A)” or “WLC” in the WLC column, “AEWLC” or “EWLC” in the Group column, or “zN” in the zNALC column.

h. Monthly Sub-Capacity reports, generated by the Sub-Capacity Reporting Tool (“SCRT”), must be submitted to remain eligible for Sub-Capacity pricing. SCRT terms are described in the AWLC, AEWLC, WLC, EWLC, and zNALC Attachments.

i. Sub-Capacity terms may not be transferred to third parties. Sub-capacity terms may not be transferred to other Government agencies, without the consent of IBM.

j. When any of the terms or conditions are not met, then the Eligible Program no longer qualifies for Sub-Capacity pricing. Upon notification by IBM, the Government will issue IBM an order for full capacity charges, including Subscription and Support, if applicable.

## 6. Resellers

When the Government orders Eligible Programs under Sub-Capacity terms from a reseller, IBM is not responsible for 1) the actions of the reseller, 2) any additional obligations the reseller may have to the Government, 3) any products or services that the reseller may supply to the Government under their agreements. When the Government obtains Eligible Programs or S&S from a reseller, the Government’s reseller sets the charges. IBM, however, sets the charges and payment terms for increases in charges effected by the Government’s SCRT Report submissions.

## 7. Charges

a. One-time charges are based on the number of MSUs reported in the SCRT Report during a Reporting Period. This value corresponds to the Product LPAR Utilization Capacity of the Eligible Programs with Execution-Based or z/OS-Based terms or the Parent Program, as applicable. If Sub-Capacity Pricing is not in effect, one-time charges are based on Full Capacity MSUs or Full Logical Model Capacity, as appropriate.

**NOTE:** Information on IBM’s billing process, including how to determine the applicable Reporting Period for a particular month’s charges, can be found on the Sub-Capacity Corner website at <http://ibm.com/systems/z/swprice/subcap/terms.html> .

**NOTE:** If Customer is required to order additional capacity for an Eligible Program, the S&S capacity for that Eligible Program will also be increased.

b. The number of MSUs associated with an LPAR is equivalent to the highest observed rolling 4-hour average utilization in a Reporting Period. Customer may manage LPAR utilization by explicitly specifying the defined capacity of the LPAR(s) on the Hardware Management Console (“HMC”). This, however, is not required to obtain Sub-Capacity Pricing benefits.

c. If Customer chooses to specify the defined capacity of the LPAR(s), the SCRT will use the lower of the defined capacity or the 4-hour rolling average utilization in order to determine the Product LPAR Utilization Capacity for each Program.

d. The capping function in the Eligible Operating System is used to ensure the workload does not exceed the LPAR defined capacity Customer has specified. To achieve this, the capping function may automatically reduce and limit computer resources to workloads running in that LPAR. By defining the LPAR capacity, Customer authorizes the capping function to cap the computer's resources as defined.

e. If Sub-Capacity Pricing is not in effect, aggregated charges are based on Full Capacity MSUs or Full Logical Model Capacity, as appropriate.

IBM does not give credits or refunds for charges already due or paid if the applicable Product LPAR Utilization Capacity falls below the then current authorized entitlement.

## 8. IBM's Responsibilities

a. IBM will provide the following on the SCRT website

(<http://ibm.com/systems/z/swprice/subcap/scrt/>):

1. the SCRT, which is at no charge (**NOTE:** Written notification of updates will be sent by email.)
2. the process for transmitting SCRT Reports and Notification of Changes to IBM

b. IBM will calculate the applicable MSUs for Eligible Programs with Reference-Based or z/OS-Based terms by using the MSUs of the Parent Program(s) or z/OS, as applicable, from the SCRT Report(s).

## 9. Compliance Verification

For purposes of this section, "IPLA Program Terms" means the IPLA and applicable Amendments (including this one) and transaction documents. Compliance terms are as stated elsewhere in this Chapter.

Both of us agree that the complete agreement between us concerning Sub-Capacity Pricing for System z Programs with one-time charge pricing consists of this Amendment including applicable transaction documents, and the IPLA, applicable replaces any prior oral or written communications between us. Additional or different terms regarding this offering identified in a Government Delivery Order, unless provided in an IBM proposal or quote, are void.

### 5.17.12 ADDENDUM FOR INTEGRATED WORKLOAD PRICING TO ATTACHMENT FOR AWLC

The terms of this Addendum for Integrated Workload Pricing for AEWLC(Addendum) is in addition to (a) each of the following that are in effect between IBM and the Government: (i) the Attachment for IBM System z Advanced Workload License Charges above or the current commercial agreement ("Z125-8538) and the terms of this Chapter 5 and Chapter 1. The terms of this Addendum in addition to those of the Attachment govern the Government's entitlement to the Integrated Workload Pricing ("IWP") adjustment to Program charges.

## 1. Definitions

**Standard Sub-Capacity Value** — the number of MSUs equivalent to the Product LPAR Utilization Capacity reported by SCRT for the Program when IWP does not apply to that Program for the specified Eligible Machine during a Reporting Period.

**IWP Adjusted Program** — a Program (1) eligible for a reduction to the Standard Sub-Capacity Value and (2) specified at <http://ibm.com/systems/z/swprice/reference/exhibits/iwp.html>

**IWP Defining Program** — a Program (1) whose processing time SCRT uses to reduce the Standard Sub-Capacity Value of an IWP Adjusted Program and (2) that IBM specifies at <http://ibm.com/systems/z/swprice/reference/exhibits/iwp.html>

**Hourly LPAR Utilization Value** — the number of MSUs a logical partition (“LPAR”) uses in an hour, based on a four-hour rolling average utilization.

**Hourly Program Utilization Value** — the number of MSUs a Program in an LPAR uses in an hour, based on a four-hour rolling average utilization.

**Hourly Adjusted LPAR Value** — the number of MSUs by which the Hourly Program Utilization Value for an IWP Defining Program has reduced the Hourly LPAR Utilization Value for an IWP Adjusted Program.

**Hourly Adjusted Sub-Capacity Value** — the sum of all the concurrent Hourly Adjusted LPAR Values for all copies of a Program running on the same Eligible Machine.

**IWP Adjustment Charge**— the charge for an IWP Adjusted Program determined by the number of MSUs reported by SCRT for that Program for the specified Eligible Machine during a Reporting Period. This value is equal to the highest Hourly Adjusted Sub-Capacity Value for each IWP Adjusted program for that Reporting Period.

### **Government Responsibilities**

Government shall

- a. be at SCRT version 19.2.0 or higher;
- b. apply z/OS APAR OA31615;
- c. promptly install any future required z/OS service or required product specific service for IWP and implement any IBM directed technical measures to maintain Integrated Workload Pricing;
- d. use the SCRT control statement documented in the SCRT User Guide in order to enable support for Integrated Workload Pricing;
- e. ensure that all z/OS guest systems running under z/VM are at z/OS V1.10, or higher. z/VM must be at either
  1. z/VM V5.4 with APAR VM64798 (or higher) or
  2. z/VM V6.1 with APAR VM64879 (or higher);

**Note:** If the z/OS system is a guest system running under z/VM, each z/OS guest system is treated as its own LPAR when applying any sub-capacity adjustments for IWP.

- f. not cause directly or indirectly any software to have the attributes of an IWP Defining Program unless IBM has designated that software as a IWP Defining Program;

- g. not cause directly or indirectly any IBM Program to be treated as an IWP Adjusted Program unless it has been designated by IBM as an IWP Adjusted Program;
- h. not submit Sub-Capacity Reports that provide the IWP Adjustment attributable to software that has been withdrawn as an IWP Defining Program upon notice by IBM; and
- i. IBM will invoice for any additional charges and other liabilities the Government becomes obligated to pay arising out of Government's submission of altered reporting of the IWP Adjustment or failure to otherwise comply with Integrated Workload Pricing Terms. Government's liability for any such charges attaches at the moment that the Government submitted the altered report or otherwise failed to comply.

### **IBM Responsibilities**

IBM shall

- a. subject to Government's compliance with this Addendum, apply the IWP Adjustment Charge to IWP Adjusted Programs as calculated by SCRT and in accordance with this Addendum and the Attachment; and
- b. maintain a listing of IWP Adjusted Programs and IWP Defining Programs on an IBM Web site.

### **IBM Rights**

IBM may

- a. remove and or modify IWP Adjusted Programs and IWP Defining Programs at its discretion and such changes become effective immediately and apply to the next billing period. IBM will notify the Government should such change occur; and
- b. reject Sub-Capacity Reports that reflect data generated by or concerning ineligible or withdrawn IWP Adjusted Programs or IWP Defining Programs.

### **Termination**

The Government may terminate this offering upon three months' written notice.

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