

IBM Point-of-Sale 2004 Incentive Program

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THE OFFER

Eligible IBM Point of Sale (POS) Business Partners can receive incentive payments that are based on the IBM point of sale revenue they generate during the 2004 calendar year.

Start and/or end dates

Only revenue generated from IBM invoices to eligible POS Business Partners that are dated on or after January 1, 2004, but no later than December 31, 2004, qualifies under this program.

Who is eligible?

The following IBM Business Partners are eligible for this program:

- Solution Providers who acquire products directly from IBM
- Solution Providers who acquire IBM products from IBM Business Partner — Distributors
- Systems Integrators

IBM Business Partner — Distributors are responsible for making their IBM Business Partner — Solution Providers aware of this program.

IBM Business Partners who are operating under the Solution Provider — Complementary Marketing or Systems Integrator — Complementary Marketing terms are not eligible for this program.

Where is it available?

This program is available only in:

- the United States (including Puerto Rico)
- Canada

This program is not available in Caribbean North countries.

All IBM Point of Sale hardware and software products listed in the IBM Point of Sale Product Table of the IBM Business Partner Exhibit.

Incentive payments

Eligible POS Business Partners' incentive payments will be calculated quarterly and a payment will be issued if the amount exceeds \$1,000. If the amount is less than \$1,000, the amount due will be rolled over into the following quarter until the amount due exceeds \$1,000. At the end of the calendar year, all amounts due, regardless of the amount, will be paid.

Incentive payment schedules

Incentive payments will be determined based on qualifying IBM POS revenue generated from January 1, 2004 to March 31, 2004; April 1, 2004 to June 30, 2004; July 1, 2004 to

September 30, 2004, and October 1, 2004 to December 31, 2004. The following schedule will be utilized:

<u>Qualified POS revenue</u>	<u>Payment basis</u>
Less than \$12,500	No payment
At least \$12,500 but less than \$62,500	.5% of revenue generated
At least \$62,500 but less than \$125,000	.9% of revenue generated
At least \$125,000 but less than \$1,250,000	1.2% of revenue generated
At least \$1,250,000	1.3% of revenue generated

Bonus payments

A one-time bonus will be paid to eligible Business Partners who attain the status of "Advanced" or "Premier" in the IBM PartnerWorld® Program during a 2004 calendar quarter. Eligible "Advanced" Business Partners will receive a \$3,000 bonus and "Premier" Business Partners will receive a \$5,000 bonus, or 5% of the previous year's full IBM POS generated revenue, whichever is less. This one-time bonus will be paid at the end of the quarter during which the Business Partner achieves "Advanced" or "Premier" status.

Other conditions

Business Partners must be "Active" (Code D) POS Business Partners as of the last day of each quarter to qualify for participation in that quarter's payments.

All revenue generated will be calculated in U.S. currency. Payments to U.S.-based Business Partners will be made in U.S. dollars and payments to Canadian-based Business Partners will be in Canadian dollars.

If a credit or return is issued against generated revenue on which previous payments were made by IBM, no further payments will be made until those already made are recovered.

Questions pertaining to this program should be directed to Charlie Blunt at 919-301-5993 (blunt@us.ibm.com).