

*RS/6000 & AS/400, S/390, Storage,
Numa-Q, Netfinity & IT Related*



*Increase Your Business Volumes
Through Financing*











*IBM Global Financing
4Q 2000 Offering*

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Top 10 Benefits

Of Leasing With IBM Global Financing For Solution Providers

- #10  Competitive Rates on:
 - ◆ New Systems, Upgrades, Software & Service
 - ◆ Operating Lease's & Full Payout Financing
- #9  No line of credit impact
- #8  Loyalty: 87% vs. 32% "GMAC"
- #7  Account Control: IS and CFO
- #6  Incremental Business: Matching cash flow with useful life
- #5  IGF Commission for Solution Providers and IBM Account Executive
- #4  IGF On-line Internet Access (www.financing.ibm.com/bp)
- #3  Dedicated IGF Sales force
- #2  IGF Credit evaluation of end user
- #1  **IBM Global Financing Contract**

RS/6000, AS/400, SSD, S/390, Numa-Q Store Systems, Networking Hardware & Printing Systems



IBM Total Solution Financing

- ▶ Valid for installations by September. 30, 2000, that exceed \$50K in revenue.

TSF Rates	3rd Quarter:	Commercial:	24-36	7.75%	9.75%	11.75%	17.25%
			37-60	8.25%	10.25%	12.25%	17.75%
		S&L:	24-36	5.25%	6.75%	7.75%	11.25%
			37-60	5.50%	7.00%	8.00%	11.50%

*for AS/400 products, interest rates for commercial customers will be 60 basis points below the offering interest rates (e.g. Offering =7.75%, AS/400 = 7.15%)

Product Eligibility

Brand	Product Eligibility	Restrictions	Machine Types
AS/400	All	New workload initiative or CISC replacement	9401, 9402, 9404, 9406
RS/6000		must be accompanied by Shark box 2105 (models E10, E20, F10, F20)	7017 S80
NHD**	All	None	2108, 2109, 22xx, 3174, 3299, 3746, 785x, 82xx, 8371, 9077
SSD	All	None	2105, 3466, 3490, 3494, 3570, 3575, 3590, 3990, 3995, 7133, 7137, 7204, 7207, 7208, 7331, 7337, 9390, 9391, 9392, 9393
PSD	All	None	2710, 3130, 3160, 3170, 3300, 4000, 4005, 4159, 4161, 4230, 4232, 4247, 4312, 4317, 4320, 4332, 4370, 6400
S/390	Multiprise 3000 only	Advanced Technology VAE transactions	7060 models H50 & H70
POS	All, except SureOne	None	4610, 4694, 4695, 4800, 4820
IBM Services	Business Innovation Services (BIS), Integrated Technology Services (ITS)	Up to \$1M. Requires H/W which qualifies for promotional rate	
NUMA-Q	NUMA-Q 2000	None	SEQS models 32E, 34E
ISV	All	ISV will approve by customer	91SV
BP	All	BP will approve by customer	9BPP

Webserver Financing Payment Deferral until January, 2000

- ▶ All RS/6000 Webserver Models - 7015, 7017, 7025, 7026, 7043, 7044, 7046, or 9076
 - New systems or upgrades (if upgrade, operating system software machine type 5765-C34 also eligible)
 - Base lease terms 24-60 months, maximum of 6 months with deferral
 - Webserver shipments by 9-30-2000 and installed by 10-31-2000
 - Applies to all IGF commercial, State and Local leases and full payout financing
 - Cannot be combined with IBM's Total Solution Financing
 - Customers with IGF credit rating 1- 4
 - A sliding scale deferral period will be used. Installations in July, August and September, October will receive 6, 5, 4 and 3 months of no cost deferral respectively
 - Payments on peripherals, software and services can be structured co-terminus, and if eligible for Total Solutions Financing would receive below market rates

Entry Level Storage Financing

Purchase Financing

- 3.5% interest rate on a 24 month IPMA

Months	Customer Needs	Monthly Payment
1-24	up to 420 GB	\$12,960

- 2 - Payment loan with a present value of payments at 101% of the Net purchase price (NPP) 420 GB Shark with a NPP of \$300,000 (for example only)

Months	Customer Needs	Payment
1	210 GB	\$150,900
2-12	210-420 GB	\$0.0
13	420 GB	\$150,900

36 Month Step Lease Structures to match customer Shark needs with payments

Here are examples of two-step structures. Any number of structures is possible

Step 1: Term = 12, payment based on 50 or 70% of Purchase Price

Step 2: Term = 24, payment based on 100% of Purchase Price less principal paid to date

420 GB Shark with a NPP of \$300,000 (for example only)

Months	Customer Currently Needs 50% Monthly Payment	Customer Currently Needs 70% Monthly Payment
1-12	\$4,300	\$5,900
13-36	\$11,000	\$10,000

Product Eligibility

- Initial customer installation of 3494 virtual tape server (VTS) Tape Library storage products
- 2105 E10, E20, F10 and F20
Customers with IGF credit rating 1-4

ValuePlan Lease

- Rates up to one and one half percent lower than typically provided by IGF TLMA leases
- Two page agreement with no TLMA agreement.
- Developed for mid-market customer segment (100-999 employees)

Specific features of ValuePlan Lease

- No casualty insurance
- End of lease decisions are made on all products included on contract
- Customers must notify IGF in writing at least three months prior to lease expiration and return all items to IGF on date of lease expiration.
- Term of lease is automatically extended for 3 months and thereafter on a month to month basis until written notice is received by IGF

Rate Comparisons



- Which of these is the lowest effective interest rate for your end-user customer?
 - \$96.02
 - \$93.90
 - \$31.80
 - \$31.19
 - \$30.46

*All Of Them Are 9% apr.
Structure Changes Rates*



- \$96.02 PER QUARTER - (for 12 quarters)
- \$93.90 PER QUARTER - (for 12 quarters)
- \$31.80 PER MONTH - (for 36 months)
- \$31.19 PER MONTH - (for 36.5 months)
- \$30.46 PER MONTH - (for 37.5 months)
- Qrtly. in arrears, no interim rent
- Qrtly. in advance, no interim rent
- Monthly in arrears, no Interim rent
- Monthly in advance, with interim rent
- Monthly in advance with quarterly interim rent sweep

Top 10 Benefits

Of Leasing With IBM Global Financing

- #10 Flexible Payment Structure
 - ◆ Payment in Arrears
 - ◆ No Down Payment
 - ◆ No Security Deposit
 - ◆ No Interim Rent
- #9 Casualty Insurance Included
- #8 Guaranteed Upgrade Financing
- #7 IGF Management of Contract
- #6 No "Right of First Refusal" Language
 - ◆ No Lessor Approval for Upgrades from Any Source
 - ◆ No Lessor Approval for Obtaining Financing from Any Source for Upgrades
- #5 Line Item Financing
- #4 End of Lease Notification/Administration
 - ◆ Fair Market Value Renewal / Purchase
- #3 Leverage with IBM
- #2 Financial Stability
- #1 **Competitive Rates on:**
 - ◆ New Systems, Upgrades, Software & Services
 - ◆ Operating Lease's & Full Payout Financing



IBM Global Financing

Terms and Conditions

A well negotiated lease relationship produces a win-win situation for both lessor and lessee. Ask your lessor to show you how his or her contract gives you the same rights delivered by the following sample:

1. Lessee is not required to upgrade the leased equipment at any time. Lessee shall not be required pay any penalty or fee if the equipment is not upgraded, or if no additional leases have been established between Lessor and Lessee.
2. Lessee may, at Lessee's sole discretion, elect to upgrade the leased equipment at any time. Lessee will notify Lessor of any upgrade. Upgrades shall not become the property of Lessor unless returned with the leased equipment at lease end. Lessee's rights regarding upgrades include the right to:
 - Obtain any upgrade from any vendor, without approval from Lessor or any other party;
 - Obtain financing for any upgrade from any source other than Lessor, without approval from Lessor or any other party.
3. Lessee's option to purchase leased equipment at lease end is not subject to prior approval by Lessor or any other party.
 - The terms of the Agreement notwithstanding, this option to purchase at end of lease will be individually available for each of the leased machines listed in the Agreement without requirement to purchase all the equipment;
 - The purchase price will be either *fair market value* or a predetermined percentage of the original purchase price of the leased equipment, as specified in the Agreement.
 - Lessor will have no right to replace any equipment. Lessee elects to purchase under these provisions with like equipment.

The terms and conditions of your contract-and how they are worded-can greatly affect the ultimate cost over the life of the lease. Beware of obligations that require you to pay for upgrades even if you never have them installed. Because mid-lease upgrades can easily cost more than the original price of what you leased, it is especially important to avoid contract language that interferes with (*or rules out!*) your right to invite open competition for the financing of any upgrades.

RS/6000 & AS/400, S/390, Storage, Numa-Q, Netfinity & IT Related



Getting Started for Business Partners

1. Deliver Planning Rates to Customer

- ▶ Use Current Quarter's Rate Card
- ▶ Use IGF Web Site at www.financing.ibm.com/bp



2. e-mail Financing Worksheet to IGF Customer Support Center

- ▶ Use IGF Web Site to access worksheet
- ▶ Help call 800-426-3889 or Fax at 800-426-9299



3. Customer's Credit Evaluated

- ▶ Decision communicated with Firm Rates through IGF Web Site



4. Quote and/or Contracts Delivered

- ▶ To the business partner or customer



5. Return Signed Contracts

- ▶ Plus Any Additional Documents
- ▶ Certificate of Acceptance and Serial #'s
- ▶ Invoices



IGF Solution Provider Fee Plan



2000

N.A. Solution Provider Fee Plan (Excludes S/390)
SP Volumes of \$1M or Greater in 1999

Option B, B+, IPMA

Transaction Size	24-36 MOS (STD, MIDDLE, TOP, MEGA)	All Other Lease Options >24/36 MOS
<\$50K	0%	0%
	SUPER MEGA	
	STD MIDDLE TOP MEGA	.
\$50K - \$2M	.75%, .85%, 1.30%, 1.40%	.5%
	STD MIDDLE TOP MEGA & SUPER MEGA	
\$2M+(max fee)	\$15K, \$17K, \$26K, \$28K	\$10K

Key Accts. (Approx. 700)

- Prior BP/IGF Transaction	50%	50%
- No BP/IGF Transaction	0%	0%

Volume Qualification (based on SP's 1999 IGF Revenue)

Standard	Tier	\$1M-\$3M
Middle	Tier	\$3M-\$10M
Top	Tier	\$10-\$35M
Mega	Tier	\$35M-\$65M
Super Mega	Tier	>\$65M

New Account Bonus

IGF N.A. Rev. in 2000	Bonus
\$500K - \$1M	\$5K
\$1M - \$2M	\$10K
\$2M - \$5M	\$25K
>\$5M	\$50K

Partners <\$1M in 1999 Volumes will earn .75% for B, B+, IPMA 24-36 Mos. leases. No fee for all other lease options

IGF Solution Provider Rebate Incentive



2000

N.A. Solution Provider Rebate Program

Middle Tier \$3-10M

<u>Volume Growth</u>	<u>Rebate</u>
21-35%	.05%
36-45%	.15%
46-55%	.25%
56+%	.35%

Top Tier \$10-35M

<u>Volume Growth</u>	<u>Rebate</u>
10-25%	.15%
26-35%	.25%
36-50%	.35%
51+%	.45%

- No Rebate for Partners <\$3M in 1999 IGF Volumes
- Payment Frequency = Semi-Annual

IGF Solution Provider Rebate Incentive...Cont'd



2000

N.A. Solution Provider Rebate Program

Mega Tier \$35-65M

<u>Volume Growth</u>	<u>Rebate</u>
8-20%	.20%
21-30%	.30%
31-45%	.40%
46+%	.50%

Super Mega Tier >\$65M

<u>Volume Growth</u>	<u>Rebate</u>
3-9%	.20%
10-16%	.30%
17-24%	.40%
25+%	.50%

- No Rebate for Partners <\$3M in 1999 IGF Volumes
- Payment Frequency = Semi-Annual

IGF S/390 Rebate Fee Plan



2000

(Pay on total volume vs. H/W only volume, fees for volumes <\$3M in 1999 will earn 1.25%)

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S/390 Volumes \$3M-\$10M

S/390

91+%

81-90%

0-80%

S/390 Volumes between \$10-\$40M

S/390

91+%

81-90%

0-80%

S/390 Volumes >\$40M

S/390

91+%

81-90%

0-80%

IGF Volumes \$3M-\$10M in 1999

2.75	3.50	4.25
2.00	2.75	3.50
1.25	2.00	2.75

0.25% 26-50% 51+%
IGF Revenue Growth

IGF Volumes \$10M-\$40M in 1999

3.50	4.25	4.75
2.75	3.50	4.00
2.00	2.75	3.25

0.25% 26-50% 51+%
IGF Revenue Growth

IGF Volumes >\$40M in 1999

4.25	4.75	5.25
3.50	4.00	4.50
2.75	3.25	3.75

0.15% 16-40% 41+%
IGF Revenue Growth

IGF S/390 Rebate Fee Plan



2000 (effective Date: 04/01/2000)

(Pay on total volume vs. H/W only volume, fees for volumes <\$3M in 1999 will earn 1.25%)

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SSD Volumes \$3M-\$10M

SSD

56+%

46-55%

0-45%

SSD Volumes between \$10-\$40M

SSD

56+%

46-55%

0-45%

SSD Volumes >\$40M

SSD

56+%

46-55%

0-45%

IGF Volumes \$3M-\$10M in 1999

2.75	3.50	4.25
2.00	2.75	3.50
1.25	2.00	2.75

0.25% 26-50% 51+%

IGF Revenue Growth

IGF Volumes \$10M-\$40M in 1999

3.50	4.25	4.75
2.75	3.50	4.00
2.00	2.75	3.25

0.25% 26-50% 51+%

IGF Revenue Growth

IGF Volumes >\$40M in 1999

4.25	4.75	5.25
3.50	4.00	4.50
2.75	3.25	3.75

0.15% 16-40% 41+%

IGF Revenue Growth

IGF RCFA CONTACTS

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CENTRAL REGION: TONY RUFF PH: 630-574-2339

WEST REGION: TONY MYNSTED PH: 785-843-0364