

Novell

November 21, 2003

VIA FACSIMILE AND CERTIFIED MAIL (RETURN RECEIPT REQUESTED)

Robert Bench
Chief Financial Officer
The SCO Group
355 South 520 West
Lindon, UT 84042

Re: *Request for Information in furtherance of ongoing Audit of SCO obligations under Asset Purchase Agreement dated September 19, 1995 (the "Asset Purchase Agreement" or "APA")*

Dear Mr. Bench:

As you are aware, Novell is auditing SCO's compliance with its obligations under the Asset Purchase Agreement. Among other things, Novell's audit focuses on SCO's compliance with Section 1.2 of the APA, and its performance as Novell's agent in administering and collecting SVRX license fees. We have completed significant portions of the audit, but are still lacking critical information and documentation necessary to finish the audit.

The purpose of this letter is to emphasize and repeat Novell's outstanding request for information and documentation. In addition, this letter sets forth additional requests for information and documentation we must receive before we can close the audit.

Specifically, Novell's audit team has requested certain information and documentation from SCO's representatives and has yet to receive a full response. Attached hereto is a list of specific information that Novell must receive from SCO. We appreciate your assistance in expediting SCO's response to these requests.

In addition, Novell makes the following additional requests for information and documentation that we must receive before we can close the pending audit:

1. Amendments and Modifications to SVRX Licenses

- 1.1. Section 4.16(b) of the APA specifies that SCO "shall not, and shall not have the authority to, amend, modify or waive any right under or assign any SVRX License without the prior written consent of" Novell.

Novell

- 1.2. Section J of Amendment No. 1 to the APA establishes certain exceptions to the prohibition on amendments by SCO, namely, those amendments (i) "as may be incidentally involved through [SCO's] rights to sell and license UnixWare software or the Merged Product," or (ii) that "allow a licensee . . . to use the source code . . . on additional CPU's or to receive an additional distribution, from [SCO], of such source code."
 - 1.3. Also, Section B of Amendment No. 2 to the APA provides that "any potential transaction with an SVRX licensee which concerns a buy-out of any such licensee's royalty obligations shall be managed as" specified in subsections 1 - 6.
 - 1.4. With these obligations and prohibitions in mind, Novell has noted recent public statements by SCO indicating that SCO has unilaterally amended and modified SVRX Licenses with Sun Microsystems and Microsoft. These public statements also indicate that SCO may have agreed to a buy-out of Sun and Microsoft's royalty obligations under their SVRX Licenses.
 - 1.5. Novell requests copies of the Sun and Microsoft amendments to verify SCO's compliance with Section 4.16(b) of the APA and Section B of Amendment No. 2. In addition, Novell requests copies of any similar agreements SCO has entered into, or assurances that SCO has not entered into any similar agreements. Finally, Novell requests that SCO identify any potential buy-out transactions it has become aware of, or that SCO assure Novell that no such potential buy-outs have come to its attention.
 - 1.6. If SCO contends that either of the exceptions (i) and (ii) under Section J of Amendment No. 1 has been triggered, Novell requests a detailed explanation of SCO's position.
2. New SVRX Licenses
- 2.1. Section J of Amendment No. 1 prohibits SCO from entering "into new SVRX Licenses" except "as may be incidentally involved through [SCO's] rights to sell and license UnixWare software or the Merged Product."
 - 2.2. With this prohibition in mind, Novell has noted SCO's recent introduction of its "SCO Intellectual Property License for Linux," in which SCO attempts to enter into new SVRX Licenses with Linux end users.
 - 2.3. Novell requests copies of all SCO Intellectual Property Licenses for Linux, and any other agreements connected with attempts by SCO to enter into new SVRX Licenses, so Novell can verify SCO's compliance with Section J of Amendment No. 1. If SCO contends that exception

Robert Bench
November 21, 2003
Page 3

Novell

(i) under Section J of Amendment No. 1 has been triggered, Novell requests a detailed explanation of SCO's position.

3. SVRX to UnixWare Conversions

3.1. Novell requests that SCO identify and provide documentation for any allegedly valid conversions from SVRX to UnixWare under Section (f) of Schedule 1.2(b) of the APA. For any such allegedly valid conversion SCO identifies, Novell requests that SCO explain in detail how the alleged conversion complies with the requirements of Section (f) of Schedule 1.2(b). If SCO contends that any of the exceptions (i), (ii), (iii), and (iv) under Section E of Amendment No. 1 have been triggered, Novell requests a detailed explanation of SCO's position.

We anticipate and look forward to your prompt assistance with and response to these requests.

Sincerely,


Mike Bready
Director, Contract Management

Enclosure