EXHIBIT A

N O V E L L.

June 23, 1995

William H. Gates
Chairman and CEO
Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399

Dear Bill:

Thank you for your letter of 5/3/95. In that letter, you outlined your desire to resolve (1) the NetWare "patch" issue, (2) the Beta Exchange Agreement, and (3) Patent Cross-Licenses. The purpose of this letter is to attempt to find a way to resolve the foregoing but more importantly, to elevate the discussion to resolve many of the long-standing disputes that stand in the way of Novell and Microsoft cooperating effectively to better serve our mutual customer base.

First, with respect to the three issues you identified in your letter. It is my understanding that the NetWare "patch" concerning long file names in Windows '95 has now been distributed over Novell's NetWire. This is the normal mode by which Novell issues its patches. Therefore, your customers will have access to a remedy for this problem. However, I believe we can accommodate your request to ship the NetWare code directly with Windows '95 provided that Microsoft is willing, in turn, to allow Novell to ship Windows code with Novell's applications programs which fixes the compatibility problems between WIN '95 and Novell's applications. I am informed that there are incompatibilities between Windows and Windows '95 which cause the latter to fail in effectively working with Novell's applications. In my view, a reasonable solution to both problems is to allow each other to ship each parties' respective patches to handle both issues.

Next, with respect to the Beta Exchange Agreement, by letter dated May 15, 1995, Duff Thompson explained to Bob Kruger why the last minute addition of "Corsair and Ferret" to that agreement by Microsoft kept Novell from executing the agreement. The Beta Exchange Agreement was intended to allow for the exchange of Beta Code for O.S. technologies which are fundamental to both companies...such as Windows on the Microsoft side and NetWare on the Novell side. If these new product ideas are removed, we would once again consider signing the agreement.

Finally, with respect to the exchange of patent licenses, I will address that issue more fully below.

The remainder of this letter will identify some of the more important issues between our companies and begin the process of trying to settle them. We want both parties to be able to operate from a clean slate knowing that the problems from the past have been resolved, that appropriate settlements or waivers have been executed and that value has been exchanged where appropriate. Further, the content of this letter is to be used for settlement purposes only. Below I will outline our principal concerns:

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I. ANTI-TRUST ISSUES
DESKTOP OPERATING SYSTEMS MARKET

Microsoft has achieved a monopoly in desktop systems. To the extent that Microsoft accomplished this through superior products or business acumen, we have no argument. However, it is clear to Novell that Microsoft's dominant position has been achieved and maintained, in part at least, through conduct violative of the United States antitrust laws. This monopoly in desktop operating systems resulted in Novell eventually dropping DOS from its product line, causing substantial damage to Novell.

II. ATTEMPTS TO MONOPOLIZE
THE SOFTWARE APPLICATIONS MARKET

We believe Microsoft has leveraged its dominant OS position in the applications market. It is our view that Microsoft's OS's contain undocumented calls, features, and other interfaces that are made available to its own applications developers to give competitive advantages to its applications products. The existence of such interface features constitutes among other things, a textbook example of monopoly leveraging. This has given Microsoft a leading share of the Word Processing and Spreadsheet markets, among others, resulting in a loss of $100's of millions of dollars a year to Novell. This point is further illustrated by Microsoft's refusal to fix certain bugs in Windows '95. It is my understanding that these bugs cause Novell applications to be incompatible with Windows '95 but allow Microsoft applications to run unaffected.

Microsoft's OS interfaces constitute a resource, access to which is required in order to be able to compete in the market; Novell cannot duplicate those interfaces; Microsoft has denied them to Novell when it would be simple to reveal them.

III. NCP COPYRIGHT ISSUES

Novell has repeatedly informed Microsoft of its copyrights in its NetWare Core Protocols (NCPs), NCP Manuals, and NetWare O.S. As part of its products, Microsoft included and has continued to provide computer programming code that generates and interprets identical or substantially similar copies of some or all of Novell's NCPs. In light of these actions, Novell has a very strong copyright claim, and may have several causes of action against Microsoft in addition to the copyright claim.

Summary and Recommendations

In our view, Microsoft's efforts have had a direct, substantial and adverse effect on competition by raising artificial barriers to entry, foreclosing Novell and others from competing with Microsoft on the basis of price and performance, and stifling innovation. The magnitude of the legal claims are substantial.

We are hopeful that our differences on these issues can be resolved in a way that will allow both companies to focus on what Novell believes is really most important — creating better products for our customers worldwide. Previously, Novell has given up valuable legal positions to show good faith and to work towards better cooperation with Microsoft. (For example, Novell withdrew all of its opposition to the M/S Windows Trademarks and withdrew its DOS complaint from the European Commission so that the August 1994 Consent Decree could be finalized.) However, we have a responsibility to assure that value is received in exchange for the Company's legal rights and damage claims. This is what Novell expects to receive to settle these issues:

(1) EQUAL ACCESS - Microsoft would make available to Novell those OS interfaces (including application programming interfaces, service provider interfaces, binary interfaces etc.), calls, hooks, features, documentation or code of any type which might interact with Novell's software products at the same time and same level of specificity as those things are made available to Microsoft's own applications programmers.

(2) UNIX ROYALTY - The $15 per copy royalty owed to Microsoft each time Novell ships a copy of UNIX on the Intel Platform would be eliminated.
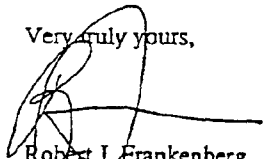
(3) PATENT LICENSE - Novell would obtain a fully paid up patent license to all of Microsoft's current and future patented technology. In turn, Novell would consider a symmetrical license to its patents.

(4) NCP LICENSE - Microsoft would enter into a proper license to Novell's NCP technology and agree to incorporate Novell developed NetWare clients in Microsoft's operating systems. As you are aware, we sent a License Agreement to your legal team in December of 1994 to which Novell never received detailed comments. We consider some licensing arrangement to be a critical part of any mutually agreeable working arrangement, necessary for cross testing and certification, and keeping our products in sync.

There are certainly other areas that might be a possible basis for a mutual exchange. We would be happy to meet with you and discuss the range of possibilities.

We are hopeful that Microsoft will want to work towards a settlement of these issues. I look forward to hearing from you.

Very truly yours,

Robert J. Frankenberg
Chairman and CEO

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