



June 26, 2003

Via Telefacsimile (801) 765-1313 and certified mail

Darl McBride
President and Chief Executive Officer
The SCO Group
355 South 520 West
Lindon, UT 84042

Re: *Asset Purchase Agreement Between The Santa Cruz Operation, Inc. and
Novell, Inc., September 19, 1995*

Dear Darl:

I write to address SCO's recent statements (to the press, in a securities filing, in your amended complaint in the IBM case, and in other materials) that SCO owns all of the intellectual property rights associated with UNIX and UnixWare. For example, your June 6 press release states that SCO owns "all rights to the UNIX and UnixWare technology," and the description of your "SCSource" program on your Web site states that SCO owns "the patents, copyrights and core technology associated with the UNIX System."

SCO's statements are simply wrong. We acknowledge, as noted in our June 6 public statement, that Amendment No. 2 to the Asset Purchase Agreement appears to support a claim that Santa Cruz Operation had the right to acquire some copyrights from Novell. Upon closer scrutiny, however, Amendment No. 2 raises as many questions about copyright transfers as it answers. Indeed, what is most certainly *not* the case is that "any question of whether UNIX copyrights were transferred to SCO as part of the Asset Purchase Agreement was clarified in Amendment No. 2" (as SCO stated in its June 6 press release). And there is no indication whatsoever that SCO owns all the *patents* associated with UNIX or UnixWare.

We are still reviewing the Asset Purchase Agreement and other background materials to determine the actual scope of rights transferred to SCO. In the meantime, we wish to make clear that we do not agree with SCO's public statements on this matter.

Sincerely,

Joseph A. LaSala, Jr.
Sr. Vice President,
General Counsel and Secretary

Joseph A. LaSala, Jr.
Senior Vice President,
General Counsel and Secretary

Novell.

**VIA FACSIMILE AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

August 4, 2003

Mr. Darl McBride
President and Chief Executive Officer
The SCO Group
355 South 520 West
Lindon, UT 84042

Dear Mr. McBride:

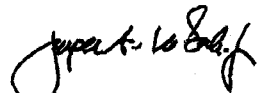
This is further to my letter of June 26, 2003 concerning ownership of the copyrights in UNIX, and follows your recent announcement that SCO has registered its claim to copyrights in UNIX System V with the U.S. Copyright Office.

We dispute SCO's claim to ownership of these copyrights. The Asset Purchase Agreement, in Schedule 1.1(b), contains a general exclusion of copyrights from the assets transferred to Santa Cruz Operation. Amendment No. 2 provides an exception to that exclusion, but only for "copyrights ... required for [Santa Cruz Operation] to exercise its rights with respect to the acquisition of UNIX and UnixWare technologies."

In other words, under the Asset Purchase Agreement and Amendment No. 2, copyrights were not transferred to Santa Cruz Operation unless SCO could demonstrate that such a right was "required for [Santa Cruz Operation]" to exercise the rights granted to it in the APA. Santa Cruz Operation has never made such a demonstration, and we certainly see no reason why Santa Cruz Operation would have needed ownership of copyrights in UNIX System V in order to exercise the limited rights granted SCO under the APA. Nor is there any reason to think that a transfer of the copyrights required for SCO to exercise its APA rights necessarily entails transfer of the entire set of exclusive rights associated with a particular copyrighted computer program.

Unless and until SCO is able to establish that some particular copyright right is "required" for SCO to exercise its rights under the APA, SCO's claim to ownership of any copyrights in UNIX technologies must be rejected, and ownership of such rights instead remains with Novell.

Sincerely,



Joseph A. LaSala, Jr.



Via Telecopy and Certified Mail

September 10, 2003

Mr. Joseph A. LaSala, Jr.
Novell, Inc.
404 Wyman Street, Suite 500
Waltham, MA 02451

Dear Mr. LaSala,

I write in response to your letters to Darl McBride of August 4, 2003, and August 20, 2003. Please direct all future correspondence to The SCO Group, Inc. to my attention.

We have reviewed and considered your letters in detail and disagree with your analysis and conclusions. Your current interpretation of the agreements, which appears to be of recent vintage, ignores certain provisions of the relevant documents and does not consider the agreements between Novell and SCO as a whole. We respectfully suggest that you carefully review all of the agreements in their entirety, particularly Amendment No. 2.

In addition, it appears that Novell is acting in concert with IBM to destroy the value of the SCO UNIX and UnixWare intellectual property acquired from Novell in the Asset Purchase Agreement. SCO is not going to let this happen. Further, we request that Novell abide by the terms of the agreement, including all amendments.

Thank you for your attention to this matter. Please feel free to call if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Tibbitts".

Ryan Tibbitts
General Counsel
The SCO Group, Inc.