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

Novell

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

October 10, 2003

Mr. Ryan Tibbitts
General Counsel
The SCO Group
355 South 520 West
Lindon, UT 84042

Mr. Ronald A. Lauderdale
Vice-President, Assistant General Counsel
International Business Machines Corporation
Maildrop 4201
Route 100
Somers, N.Y. 10589

Re: *IBM Code*

Counsel:

Reference is made to the following:

- Asset Purchase Agreement by and between The Santa Cruz Operation, Inc. and Novell, Inc. dated as of September 19, 1995, and more particularly to Section 4.16(b) of that agreement;
- Software Agreement No. SOFT-00015, *et seq.*, between AT&T Technologies, Inc. and International Business Machines Corporation, and Amendment No. X to Software Agreement No. SOFT-00015, *et seq.*, between International Business Machines Corporation, The Santa Cruz Operation, Inc., and Novell, Inc. (the "Agreements");
- Letter dated October 7, 2003 from Novell, Inc. to The SCO Group regarding IBM Code.

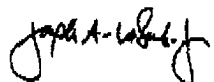
In its October 7 letter to The SCO Group, Novell directed "SCO to waive any purported right SCO may claim to require IBM to treat IBM Code itself as subject to the confidentiality obligations or use restrictions of the Agreements." Novell directed SCO "to take these actions by noon, MST, on October 10, 2003."

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SCO has failed to take the action directed by Novell.

Accordingly, pursuant to Section 4.16(b) of the Asset Purchase Agreement, Novell, on behalf of The SCO Group, hereby waives any purported right SCO may claim to require IBM to treat IBM Code, that is code developed by IBM, or licensed by IBM from a third party, which IBM incorporated in AIX but which itself does not contain proprietary UNIX code supplied by AT&T under the license agreements between AT&T and IBM, itself as subject to the confidentiality obligations or use restrictions of the Agreements.

Sincerely,



Joseph A. LaSala, Jr.

cc: Mr. Darl McBride