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Novell Legal Department

Memorandum

To: Bob Frankenberg
From: David Bradford
Date: July 23, 1996
Re: Sale of DOS
CC: Craig Christensen

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Bob,

Accompanying this Memo are signature pages to the contract documents for Novell's sale of DOS to Caldera. The contract documents consist of (1) the Asset Purchase Agreement, transferring the DOS Business, (2) the Bill of Sale transferring the goods, and (3) the Reservation of Rights, under which Novell retains certain rights to the DOS technology critical to our ongoing business. In conjunction with the sale, Novell and Caldera are also entering into the Novell Cross Platform Services and Novell Products Source Code License Agreement, under which Novell is licensing certain technologies to Caldera as described in more detail in the Business Case Summary dated July 10, 1996. Signature pages to all four of these agreements, along with a Certificate of Novell, Inc. to be signed as a condition to closing the Asset Purchase Agreement, are enclosed.

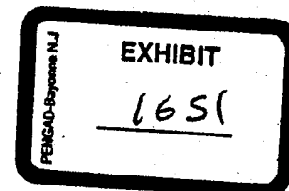
You'll recall that the Board directed me to move forward with the sale of DOS provided that we work to balance three main - and potentially competing - objectives:

1. Avoid or minimize adverse publicity to Novell
2. Avoid or minimize the risks of a shareholder derivative suit, and
3. Return value to the stockholders in the event the buyer brings an action against MS and such litigation is successful.

I believe that this transaction strikes that balance. If you are in agreement, please sign each of the four signature pages and the Certificate accompanying this Memo.

Thank you for your assistance.

Best Regards,
David



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