

Novell.

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

February 11, 2004

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: *Sequent Computer Systems*

Dear 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-000321, *et seq.*, between AT&T Information Systems Inc. and Sequent Computer Systems, Inc. ("Sequent's SVRX license");
- Letters dated May 29, 2003 and August 11, 2003 from The SCO Group to Sequent Computer Systems, Inc.;
- Letter dated August 14, 2003 from IBM to The SCO Group;
- Letter dated October 7, 2003 from Novell, Inc. to The SCO Group regarding IBM Code; and
- Letter dated February 6, 2004 from Novell, Inc. to The SCO Group regarding Sequent Computer Systems.

In its February 6 letter to The SCO Group, Novell directed "SCO to waive any purported right SCO may claim to require Sequent (or IBM as its successor) to treat Sequent Code as subject to the confidentiality obligations or use restrictions of Sequent's

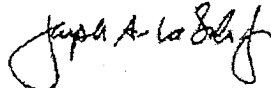
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SVRX license." The letter defined Sequent Code as code developed by Sequent, or licensed by Sequent from a third party, which Sequent incorporated in its UNIX variant but which itself does not contain proprietary UNIX code supplied by AT&T under the license agreements between AT&T and Sequent. Novell directed SCO to take this action by noon, MST, February 11, 2004.

SCO has failed to take the actions 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 Sequent (or IBM as its successor) to treat Sequent Code as subject to the confidentiality obligations or use restrictions of Sequent's SVRX license.

Sincerely,



Joseph A. LaSala, Jr.

cc: Mr. Darl McBride
President and CEO