

INTERNATIONAL BUSINESS MACHINES CORPORATION
THE SANTA CRUZ OPERATION, INC.

Amendment to Software Agreement SOFT-00015 as amended,
Sublicensing Agreement SUB-00015A as amended,
Software Agreement SOFT-00015 Supplement No. 170 as amended,
and Substitution Agreement XFER-00015B

This amendment ("Amendment") is between International Business Machines Corporation, a New York corporation, with a place of business at Old Orchard Road, Armonk, New York 10504 ("IBM") and Novell, Inc., a Delaware corporation, with a place of business at 2180 Fortune Drive, San Jose, California 95131 ("Novell") on behalf of itself and The Santa Cruz Operation, Inc. ("SCO"). This Amendment becomes effective when executed by an authorized representative of Novell, on behalf of SCO, and IBM (the "Effective Date").

RECITALS

AT&T Technologies, Inc. ("AT&T") and IBM entered into various software license agreements concerning the Software Product: UNIX System V, Release 3.2, which are Software Agreement SOFT-00015 as amended, Sublicensing Agreement SUB-00015A as amended, Software Agreement SOFT-00015 Supplement No. 170 as amended (or any other Supplements that pertain to prior versions or releases of the Software Product), and Substitution Agreement XFER-00015B (the "Related Agreements"). Novell acquired AT&T's rights under the Related Agreements. Except for all rights, title and interest to the Software Product royalties (less an administration fee to SCO for administering the collection of such royalties), SCO purchased the Related Agreements in an Asset Purchase Agreement between Novell and SCO dated September 19, 1995 (the "SCO Agreement"). In the SCO Agreement, Novell has the right to amend the Related Agreements on behalf of SCO under certain circumstances applicable in this instance. In an effort to simplify the royalty requirements contained in the Related Agreements, the following modifications to the terms and conditions of the Related Agreements have been mutually agreed to by both parties. Capitalized terms in this Amendment will have the meanings assigned to them in this Amendment. All capitalized terms not defined herein will have the meanings assigned to them in the Related Agreements and such defined terms in the Related Agreements appear in all capitalized letters.

AMENDMENT

Novell, on behalf of SCO, and IBM agree as follows:

1. *No Additional Royalty.* Upon payment to SCO of the consideration in the section entitled "Consideration", IBM will have the irrevocable, fully paid-up, perpetual right to exercise all of its rights under the Related Agreements beginning January 1, 1996 at no additional royalty fee. However, if IBM requests delivery of additional copies of source code of the Software Product, IBM will pay the fees listed under Section 1(b) of Sub-00015

Supplement No. 170. Notwithstanding the above, the irrevocable nature of the above rights will in no way be construed to limit Novell's rights to enjoin or otherwise prohibit IBM from violating any and all of Novell's rights under this Amendment, the Related Agreements, or under general patent, copyright, or trademark law.

2. *Relief of Section 2.05 (b) and 2.05(c) of SUB-00015A.* Section 2.05(b) and the second sentence of Section 2.05(c) will not apply to contractors to whom IBM has provided Software Products, provided that: (i) any use of such Software Products by such contractor is for Authorized Purposes in support of the contractor's distribution and support of Sublicensed Products; and (ii) if any such contractor is not a source code licensee of Novell or SCO for the relevant version of Software Product and previous releases, IBM will require such contractor to certify in writing to SCO, upon SCO's request, that any use by such contractor of such source code is as a contractor of IBM. For the purposes of this exemption, "Authorized Purpose" means making modifications to the Software Products, and furnishing such modifications to IBM and/or distribution of such modifications in Sublicensed Products form by the contractor to customers directly or through other Distributors, provided that such modifications are not for purposes of adaptation of Sublicensed Products to other system manufacturers' hardware systems and are solely to: (i) adapt the Sublicensed Products to support unique hardware features or devices (e.g. specialized graphics, adapters, or displays) intended for use in vertical applications; or (ii) provide temporary fixes to customers of the Sublicensed Product.
3. *Customer.* A customer to whom IBM provides a Software Product for use in support of the customer's use of the Sublicensed Product received from IBM directly or through IBM's Distributors shall be deemed to be a contractor of IBM if the customer's use of the Software Product otherwise complies with the requirements of paragraphs 3 of the February 1, 1985 amendment to SOFT-00015 and provided that the customer has no right to distribute the Software Product.
4. *Consideration.* As consideration for the above modifications to the terms and conditions of the Related Agreements, IBM agrees to pay SCO a nonrefundable fee of \$10,125,000 per the following payment schedule: \$4,860,000 due on the Effective Date of this Amendment (net 30 days); and \$5,265,000 due on January 1, 1997 (net 15 days).
5. *Authority.* Novell represents and warrants to IBM that it has the unrestricted right and authority to enter into and execute this Amendment on behalf of SCO.
6. *Restriction on fully paid-up License.* For a period of five years from January 1, 1996, the royalty relief described in Section I of this Amendment shall apply only to use or distribution of the Software Products and Sublicensed Products in the IBM operating system referred to currently as AIX, any prior version or releases of AIX and derivative or follow-on version to AIX on the Power or Power PC or Power2 architectures or derivative or follow-on architectures irrespective of the name of such versions. During such five year period, any IBM distribution of Software Products or Sublicensed Products not covered by the preceding sentence, shall be subject to a royalty pursuant to the

Related Agreements, with such royalty to be calculated at the aggregate discount percentage (80% in the case of Sublicensed Products) in effect at the time of execution of this Amendment. After such five year period, the royalty relief described in Section I of this Amendment shall apply to any use or distribution of the Software Products or Sublicensed Products; provided that if the Software Product is distributed as AIX or follow-on versions to AIX, then such use or distribution shall be in accordance with the provisions of Section 2.05(b) and 2.05(c) of SUB-00015A, as amended herein. The second to last sentence of paragraph 9 of the February 1, 1985 amendment to SOFT-00015 is modified by deleting the words: "and employees of Licensor shall not refer to the physical documents and materials comprising Software Products subject to this Agreement when they are developing any such products or services or providing any such service."

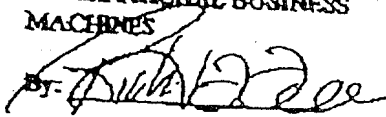
7 Notwithstanding anything to the contrary in the Related Agreements, with respect only to Software Products and Sublicensed Products to which the paid up rights in Section I apply: (a) Designated CPUs are not required to be listed in a Supplement to SOFT-00015, and IBM may copy such Software Products as replacements or additions to Designated CPUs without notice to, or consent of, Novell or SCO; and (b) Section V of SUB-00015A shall not apply to such Sublicensed Products.

8 *Indemnification; Limitations on Liability.* Subject to the limitations on liability below, Novell agrees to indemnify and hold harmless IBM and IBM Subsidiaries from and against any and all losses, liabilities, judgments, and costs incurred as a result of any alleged or actual Novell breach of Novell's representations and warranty in Section 5 of this Amendment. Novell's indemnification of IBM shall be limited to the amount paid by IBM to SCO under this Amendment. In addition, provided that IBM has paid full consideration in accordance with this Amendment, Novell's indemnification of IBM shall also include the amount of any additional royalties paid to SCO by IBM if IBM would not have been obligated to pay such additional royalties absent such breach. Novell will defend at its sole expense any suits or proceedings related to the above indemnification provided that IBM gives Novell prompt notice and control of any claim of which it learns. Novell will have the right to choose legal counsel and IBM will have the right to participate in the defense of any such claim, provided that Novell will not be responsible for indemnifying IBM for the cost of IBM's attorney's fees. In no event will Novell be liable for any indirect, incidental, special, punitive or consequential damages, lost revenues, or profits, data, or use incurred by IBM however caused, no matter what theory

of liability, even if Novell has been advised of the possibility of such damages.

9 Except as modified herein, all other terms and conditions of the Related Agreements will remain in effect.

INTERNATIONAL BUSINESS
MACHINES

By: 

R. L. Lee

(Print or Type Name)

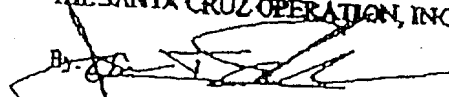
Manager, IES

(Title) Contract Services

(Date)

4/26/96

NOVELL, INC, and on behalf of
THE SANTA CRUZ OPERATION, INC.

By: 

James T. Sullivan

(Print or Type Name)

VP Worldwide OEM Sales

(Title)

26 April 1996

(Date)

NOVELL, INC.

By: 

James T. Sullivan

(Print or Type Name)

VP Worldwide OEM Sales

(Title)

26 April 1996

(Date)