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AMENDMENT NO 1  
TO ASSET PURCHASE AGREEMENT

As of the effective date indicated below, the September 19, 1995 Asset Purchase Agreement (the "Agreement") between Novell, Inc. ("NOVELL") and The Santa Cruz Operation, Inc. ("SCO") is amended in the following respects.

A. In the Recitals, Paragraph A, line 4 is amended to read as follows:

- - other products ("Auxiliary Products") which are directly related to UNIX and UnixWare (collectively, the - -

B. In Section 1.1, the following new paragraph (d) is added:

- - (d) Right of First Refusal. The parties agree that, within a reasonable time after the Closing Date, they will enter into a separate agreement whereby Buyer will have a right of first refusal to purchase from Seller (i) all appropriate copies of publications relating to the Business and in the possession, custody or control of Seller's technical library located at its facility in Florham Park, New Jersey and (ii) physical assets, including lab equipment and financial accounting server(s), owned by Seller and used in the Business. Each such item will be valued at net book value as of November 1, 1995. Such right of first refusal shall be exercisable until (1) February 29, 1996 as to the financial accounting server(s) and (2) January 31, 1996 as to all other items. - -

C. In Section 1.2, paragraph (b):

(1) The following clause is added at the beginning of the first sentence ("Buyer agrees ... Section 4.16 hereof"):

- - Except as otherwise provided in paragraph (c) of this Section 1.2, - -

(2) Lines 14-15 are amended to read as follows:

-- The amounts of additional royalties to be paid in connection with Buyer's sale of the UnixWare products are identified in detail in Schedule 1.2(b) hereto. Seller --

D. Section 1.2(d), is amended in its entirety to read as follows:

-- (d) Asset Transfer and Transfer Taxes. Notwithstanding any other provision of this Agreement, the Assets shall remain the property of Seller until expeditiously delivered to Buyer in the manner and at the locations prescribed as follows in this Section 1.2(d), or as subsequently agreed in writing.

Seller shall deliver and Buyer shall accept source code, object code, related documentation and other software assets described in Schedule 1.1(a) (collectively referred to as "Software Assets") only at Seller's facility in Florham Park, New Jersey.

In the event that Seller subsequently discovers Software Assets outside of New Jersey contemplated by this Agreement which have not heretofore been delivered to Buyer in New Jersey, Seller shall consult with Buyer to determine if Seller may destroy such assets in place without delivery to Buyer, or transport them to New Jersey or another location specified by Buyer for delivery to Buyer.

Seller represents that to its knowledge software documentation previously delivered to Buyer for the purpose of due diligence is the property of Seller, and Buyer agrees that it will destroy or return possession to Seller in New Jersey before title passes to Buyer.

Seller and Buyer agree that the license that Seller is entitled to exercise after Closing pursuant to Section 1.6 hereof is a right not sold to Buyer and as such is a right retained by Seller.

Buyer shall pay and promptly discharge when due the entire amount of any and all sales and use taxes ("Sales Taxes") imposed or levied by reason of the sale of the Assets to Buyer. The parties shall cooperate with each other to the extent reasonably requested and legally permitted to minimize any such Sales Taxes. If Seller is obligated to pay any of such Sales Taxes, Buyer shall reimburse Seller on demand for the amount of such payment. --

E. In section 1.2, the following new paragraphs (e) and (f) are added:

-- (e) Revenues to be Retained by Buyer. Subject to the last sentence of paragraph (a) of Section 4.16 hereof, Buyer shall be entitled to retain 100% of the following categories of SVRX Royalties collected by Buyer:

- (i) fees attributable to stand-alone contracts for maintenance and support of SVRX products listed under Item VI of Schedule L.1(a) hereof;
- (ii) source code right to use fees under existing SVRX Licenses from the licensing of additional CPU's and from the distribution by Buyer of additional source code copies;
- (iii) source code right to use fees attributable to new SVRX licenses approved by Seller pursuant to Section 4.16(b) hereof; and
- (iv) royalties attributable to the distribution by Buyer and its distributors of binary copies of SVRX products, to the extent such copies are made by or for Buyer pursuant to Buyer's own licenses from Seller acquired before the Closing Date through Software Agreement No. SOFT-000302 and Sublicensing Agreement No. SUB-000302A.

(f) Monthly Reports. Within one (1) calendar month following each calendar month in which SVRX Royalties [and royalties from Royalty-Bearing Products as contemplated in Schedule 1.2(b) hereof] are received by Buyer, Buyer shall provide to Seller, in electronic file format, a report detailing all such royalties. Such monthly reports shall be separately broken down by revenue type (i.e., source code right to use fees, gross and net binary per copy fees, and support fees), by product, by customer, by quarterly period by which distribution occurs, and by country (if provided by customer) of distribution. Each such report shall also detail, with respect to the revenues reported, any third party payments attributable to such revenues, broken down by the identity of such third parties and the applicable payments to each. Buyer shall provide Seller with a single point of contact to discuss specific additional revenue and unit information (by customer) which, in Seller's judgment, are appropriate to supplement such monthly reports. Buyer shall also provide to Seller, on a monthly basis, a report that reconciles monthly revenues reported (and accounts receivable) to cash remittances actually made to Seller by Buyer. --

F. In Section 1.4, line 8 is amended to read as follows:

-- in the loss or diminution thereof; provided, however, that Seller shall, as soon as practicable after the Closing Date and at its own expense, --

G. In Section 1.6, lines 1-2 are amended to read as follows:

-- 1.6 Seller's Licenses to Assets. Concurrent with the Closing, Buyer and Seller shall enter into a license agreement providing Seller with a royalty free, perpetual --

H. In Section 4.13:

(i) In the first paragraph, lines 5-6 are amended to read as follows:

-- is comparable to that offered by Seller. The Benefits Package --

(2) The following new paragraphs are added at the end of the section:

-- For purposes of this Section 4.13, the term "Type 1 employee" means a person who (1) as of the effective date of this Agreement was employed by Seller in any technical, business or financial (but not sales) capacity in Seller's Operating System Division in Florham Park, New Jersey, Provo, Utah or San Jose, California or otherwise in connection with the Business and/or the Assets and (2) whose employment with Seller thereafter terminates under circumstances under which such employee is given severance benefits from Seller including payment ("Severance Payment") calculated for a prescribed interval ("Severance Period").

Buyer agrees that it will not knowingly offer employment to, or offer to hire as a contractor, any Type 1 employee until the Severance Period for such employee is completed.

In the event that for any reason Buyer offers employment to, or offers to hire as a contractor, any such employee before the end of the period contemplated in the preceding sentence, Buyer shall remit to Seller a prorated portion of such Severance Payment applicable to the period between February 1, 1996 and the date of such offer. Such remittance shall be made to Seller within ten (10) days after such employee commences work on behalf of Buyer.

Seller agrees that prior to February 1, 1996, it will provide to Buyer a list of persons who are Type 1 employees.

Notwithstanding the above and except for normal attrition of previously hired employees, Buyer agrees not to hire any Type 1 employee for a period of 150 days from February 1, 1996. If Buyer does then Buyer will remit to Seller the full Severance Payment made to such Type 1 employees. --

I. In Section 4.16, paragraph (a):

1. The second sentence ("Within 45 days . . . preceding quarter") is amended to read as follows:

-- Within one (1) calendar month following each calendar month in which SVRX royalties (and royalties from Royalty-Bearing Products) are received by Buyer [except for those SVRX Royalties to be retained in their entirety by Buyer pursuant to paragraph (e) of Section 1.2 hereof] Buyer shall remit 100% of all such royalties to Seller or Seller's assignee. Buyer shall also provide to Seller, within six (6) days following the calendar month in which such royalties are received, an estimate of the total amount of such royalties. --

2. In the last sentence ("In consideration . . . SVRX Royalties") the following is added at the end before the period:

-- together with a remittance sufficient to cover applicable third party payments, (if any) which are attributable to distributions giving rise to such SVRX Royalties (and royalties from Royalty-Bearing Products) and for which Buyer has assumed Seller's obligation of payment to such third party. --

J. In Section 4.16, paragraph (b), the last sentence ("Buyer shall not . . . Merged Product") is amended to read as follows:

-- Notwithstanding the foregoing, Buyer shall have the right to enter into amendments of the SVRX Licenses (i) as may be incidentally involved through its rights to sell and license UnixWare software or the Merged Product (as such latter term is defined in a separate Operating Agreement between the parties to be effective as of the Closing Date, a copy of which is attached hereto as Exhibit 5.1(c)), or future versions of the Merged Product, or (ii) to allow a licensee under a particular SVRX License to use the source

code of the relevant SVRX product(s) on additional CPU's or to receive an additional distribution, from Buyer, of such source code. In addition, Buyer shall not, and shall have no right to, enter into new SVRX Licenses except in the situation specified in (i) of the preceding sentence or as otherwise approved in writing in advance by Seller on a case by case basis. - -

K. In Schedule 1.1(a):

1. In Item I:

(i) each occurrence of "UNIX and "UnixWare" is changed to read - - UNIX, UnixWare and Auxiliary Products - -.

(ii) line 3, before "technical" the word "appropriate" is added.

(iii) line 5, before "engineering" the word "appropriate" is deleted.

(iv) in the UNIX Source Code Products listing, the title is changed to "UNIX and UnixWare Source Code Products" and item D is amended to read as follows:

- - The following foreign versions of UnixWare software :

UnixWare 1.0 French

UnixWare 1.0 German

UnixWare 1.0 Italian

UnixWare 1.0 Spanish

UnixWare 1.1 French

UnixWare 1.1 German

UnixWare 1.1 Italian

UnixWare 1.1 Spanish



UnixWare 1.1 Japanese

UnixWare 1.1. Chinese

UnixWare 2.01 French

UnixWare 2.01 German

UnixWare 2.01 Italian

UnixWare 2.01 Spanish

UnixWare 2.01 Japanese

(v) in the Products Under Development listing, the following is added at the end:

-- F. Amadeus Software --

(vi) the following new listing is inserted between the Products Under Development listing and the Other Technology listing:

-- Auxiliary Products

[as listed in Attachment 1 to this Schedule I.1(a)] --

2. The following is added at the end of Item III:

-- N. Agreements for development and licensing of Amadeus Software. --

3. Item IV is changed to read:

-- All master copies of UNIX, UnixWare and Auxiliary Software owned by Seller, except as retained by Seller in connection with seller's licenses specified in Section 1.6 hereof. --

4. In Item VI:

(i) The first line is amended in its entirety to read as follows:

-- All contracts relating to the SVRX Licenses and Auxiliary Product Licenses (collectively "SVRX Licenses") listed below: --

(ii) The following is added to the list of SVR4 Licenses:

-- Auxiliary Products --

L. In Schedule 1.1(b), Item VII is amended to read as follows:

-- VII. All accounts receivable or rights to payment concerning the Assets arising prior to the Closing Date, subject to appropriate payments to Buyer in several situations involving (a) prepayments received by Seller prior to the Closing Date under its customer agreements which cover orders for licenses to and/or support for UnixWare products that remain unfulfilled as of the Closing Date or (b) any other rights to payments which accrued to Seller prior to the Closing Date under such agreements for such unfulfilled orders for UnixWare Products. Such situations are described in Attachment 1 to this Schedule 1.1(b). The parties agree to adapt more detailed procedures, where appropriate, to deal with such payments in each of such situations within ninety (90) days after the Closing Date.

M. In Schedule 1.2(b), paragraph (b), the first sentence is amended to read as follows:

-- (b) Amount of Royalties. Attachment 1 to this Schedule 1.2(b) represents Seller's annual forecast, as of the Closing Date, of the potential estimated market for units of Unix System V, UnixWare, Eiger, MKL and White Box software (the "Plan" or "Unit Plan"). --

N. In Exhibit 5.1(c) paragraph (b) is rewritten in its entirety as follows:

-- Commencing November 1, 1995, Seller shall be responsible for bearing a certain amount of the reasonable, auditable and fully burdened costs incurred on a combined basis by Buyer and Seller for the completion of the GA version of the Eiger product, as follows:

(i) 100% of such costs incurred by SELLER from November 1, 1995 up to the Closing Date (estimated to be about \$2,600,000);

(ii) 50% of the first \$5,000,000 of such costs incurred by both Companies after the Closing Date;

(iii) 25% of the next \$10,000,000 of such costs incurred by both Companies after the Closing Date.

Buyer and Seller will separately maintain records of such costs incurred. On a calendar month basis after the Closing Date, Buyer and Seller will exchange information as to such development costs incurred in that month. Each party ("first party") will render payment to the other party for any amounts such first party is responsible for which are in excess of all amounts such first party has incurred. Each such payment shall be remitted by such first party within thirty (30) days after receipt from the other party of an invoice for such excess amount.

O. Attachments A, B and C to this Amendment No. 1 are incorporated as Attachment 1 to Schedule 1.1(a), Attachment 1 to Schedule 1.1(b), and Attachment 1 to Schedule 1.2(b), respectively.

All other terms and conditions of the Agreement shall remain in full force and effect.

The parties have executed this Amendment No. 1 through their duly authorized representatives on the respective dates indicated below. The effective date of this Amendment No. 1 shall be the later of such respective dates.

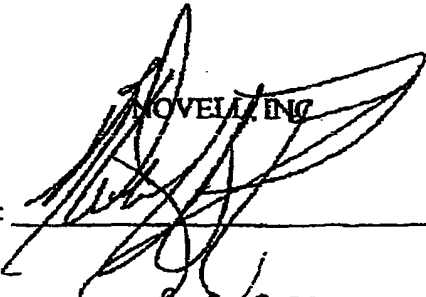
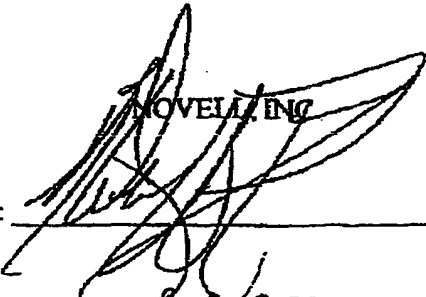
THE SANTA CRUZ OPERATION, INC.

By: 

Printed Name: Alok Mahan

Title: Chief Executive Officer

Date: December 6, 1995

  
By:   
Printed Name: R. Duff Thompson

Title: Senior Vice President - Corporate Development

Date: December 6, 1995

ATTACHMENT A

Listing of Auxiliary Products

Open Network Computing+

386 Implementation of UNIX System V Release 4  
Multi-National Language Supplement  
386 Implementation of UNIX System V Release 4  
Multi-National Language Supplement  
386 Implementation of UNIX System V Release 4  
Multi-National Language Supplement  
Application Source Verifier Release 2.0  
Artus  
C Compilation System for Motorola 68000  
C Optimized Compilation System for UNIX System V  
386/486  
C++ Documents  
C++ Language System Release 2.1  
C++ Language System Release 3.0 and 3.0.1  
C++ Language System Release 3.0.2  
C++ Language System Release 3.0.3  
C++ Object Interface Library Release 1.1  
C++ Standard Components Release 2.0  
C++ Standard Components Release 2.0.1  
C++ Standard Components Release 3.0  
C++ Standard Libraries Release 2.0  
C++ Standard Libraries Release 3.0  
C++ Standard Library Extension Release 1.0  
C++LS 2.0  
C++Translator.  
CFRONT Release 1.2  
Chinese System Messages Implementation of UNIX  
System V Release 4 System Messages  
Distributed Manager/Framework & Host Manager  
Release 1.0  
Distributed Manager/Framework & Host Manager  
Technology Licensing Program 1  
Distributed Manager/Framework & Host Manager U.I.  
Early Access  
Distributed Manager/Print Manager Release 1.0  
Distributed Manager/Print Manager Technology

Licensing Program 1  
Distributed Manager/Print Manager Technology  
Licensing Program 1  
Distributed Manager/Print Manager U.I. Early  
Access  
DM/SM-TLPI  
Documentation Reproduction Provision - UNIX System  
V Handbook  
Documentation Reproduction Provision - UNIX System  
V Programming Books  
Documentation Reproduction Provision - UNIX System  
V Reference Books  
Documentation Reproduction Provision - UNIX System  
V User\_s and Administrator\_s Books  
European Supplement Release 3.2  
European System Messages Release 3.2  
French Application Environment 1.0/3b2  
French System Messages Implementation of UNIX  
System V Release 4 System Messages  
French System Messages Implementation of UNIX  
System V Release 4.1 Enhanced Security System  
Messages  
German Application Environment  
German System Messages Implementation of UNIX  
System V Release 4 System Messages  
German System Messages Implementation of UNIX  
System V Release 4.1 Enhanced Security System  
Messages  
Hindi System Messages Implementation of UNIX  
System V Release 4 System Messages  
Intel386 Microprocessor Implementation of VERITAS  
File System (VxFS) Release 1.0  
Intel386 Microprocessor Implementation of VERITAS  
Visual Administrator Release 1.01  
Intel386 Microprocessor Implementation of VERITAS  
Volume Manager (VxVM) Release 1.01  
Intel386 Microprocessor Implementation of VERITAS  
Volume Manager (VxVM) Release 1.1  
Intel386 Microprocessor Implementation of VERITAS  
Volume Manager (VxVM) Release 1.1.1  
Italian System Messages Implementation of UNIX  
System V Release 4.1 Enhanced Security System  
Messages  
Italian System Messages Implementation of UNIX  
System V Release 4 System Messages

Japanese Application Environment I/O Rel 1.0  
Japanese Application Environment Release 2.0  
Japanese Application Environment Release 2.0  
Japanese Application Environment Release 2.1  
Japanese Environment for SVR4.2  
Japanese Extension Implementation of UNIX System V  
Release 4.2  
Japanese I/O Release 1.0  
Japanese System Messages Implementation of UNIX  
System V Release 4 System Messages  
Japanese System Messages Implementation of UNIX  
System V Release 4.1 Enhanced Security System  
Messages  
Japanese System Messages Release 3.2  
Korean System Messages Implementation of UNIX  
System V Release 4 System Messages  
Optimizing C Compiler for Intel, Release 3.0  
Spanish System Messages Implementation of UNIX  
System V Release 4 System Messages  
Spanish System Messages Implementation of UNIX  
System V Release 4.1 Enhanced Security System  
Messages  
System V Release 2.0 Machine Readable  
Documentation  
System V Release 3.0 Documentation Reproduction  
Provision  
System V Release 3.1 Documentation Reproduction  
Provision  
System V Release 3.2 Documentation Reproduction  
Provision  
System V Verification Suite Release 2  
System V Verification Suite Release 3  
System V Verification Suite Release 4  
UNIX System V French System Messages Release 3.2  
UNIX System V German System Messages Release 3.2  
UNIX System V Release 1.0 for 386 Multi-National  
Language Supplement  
UNIX System V Release 1.0 for Intel 386 Multi-  
National Language Supplement  
UNIX System V Release 3.2 386 Doc. Reproduction  
Provision  
UNIX System V Release 3.2 for Intel 386 Multi-  
National Language Supplement  
UNIX System V Release 3.2 for Intel 386 Multi-  
National Language Supplement

UNIX System V Release 3.2 Multi-National Language Supplement  
UNIX System V Release 4 European Language Supplement  
UNIX System V Release 4 STREAMS-Based Korean Input/Output Subsystem  
UNIX System V Release 4.0 386 Doc. Reproduction Provision  
UNIX System V Release 4.0 386 Doc. Reproduction Provision  
UNIX System V Release 4.0 i860 Doc. Reproduction Provision  
UNIX System V Release 4.2 European Language Supplement, Version 1  
UNIX System V Release 4.2 MP Japanese Extension  
UNIX Time Sharing Operating System Phototypesetter and C Compiler Edition #7  
USL Standard C Development Environment for the 860 Implementation of UNIX System V Release 4.0  
Veritas File System (VxFS) Release 1.3 for UNIX System V Release 4.2  
XWIN Graphical Windowing System Release 3.0  
XWIN Graphical Windowing System Release 4.0  
XWIN Graphical Windowing System Release 4.0i

ATTACHMENT B

Treatment of Certain Prepayments and Rights

to Payment Specified in Item VII of Schedule 1.1(b)

Situation 1 - where the Seller customer contract (other than in Situation 3) involves a prepayment and/or an accrued right to payment (collectively "prepayment") that applies to a mix of UnixWare and non-UnixWare products.

Seller will send a notice requiring the customer to specify in writing (i) whether it wants any of the prepayment to be allocated to the UnixWare products and (ii) if so, how much of such prepayment should be so allocated. The notice shall state that if the customer does not respond



within 30 days after the date of transmission by Seller, none of such prepayment shall apply to the UnixWare products. The notice shall also specify that any future prepayment under the contract in question will not apply to UnixWare products, and that orders for UnixWare products after the prepayment allocation is used up must be directed to Buyer.

If the customer elects a UnixWare allocation of \$100,000 or more, or makes a UnixWare allocation of an unspecified amount, Buyer will fulfill all of such customer's orders of UnixWare products against the unused prepayment allocation (or prepayment, if no allocation is made). Buyer will receive from Seller a payment reflecting a pro-rated portion of such prepayment allocation (or such prepayment). Such payment shall be deemed to be royalties received by Buyer for the UnixWare products in question.

If the customer allocates less than \$100,000 of the prepayment to UnixWare products in response to such notice, Buyer will fulfill all of such customer's orders for UnixWare products against the prepayment and will receive from Seller its actual and reasonable costs (including third party royalties assumed by Buyer under this Agreement) of such fulfillment plus a markup of five percent (5%).

Situation 2 - where Seller's customer's contract (other than in Situation 3) calls for prepayments applicable to UnixWare products only.

If the prepayment is \$100,000 or more, the roles of Seller and Buyer set forth in Situation 1 for an allocation of \$100,000 or more shall apply.

If the prepayment is less than \$100,000, the roles of Seller and Buyer set forth in Situation 1 for an allocation of less than \$100,000 shall apply.

Situation 3 - Seller's customer contracts with Siemens-Rolm, TMAC, Microport, Tatung and Sysorex.

These contracts involve prepayments that may apply either to a mix of UnixWare and non-UnixWare products (TMAC and Sysorex) or to UnixWare products alone. Irrespective of the type of allocation, the roles of Seller and Buyer set forth for a UnixWare allocation of \$100,000 or greater shall apply.

Execution Copy

For a period of up to sixty (60) days after the Closing Date Buyer and Seller will cooperate to attempt to identify additional ones of Seller's customers who have prepayments which could be allocated to UnixWare products in the amount of \$100,000 or more. For each of such additional customers so identified, the roles of Buyer and Seller shall be as mutually agreed.

ATTACHMENT C

Unit Plan

Table A below represents Seller's forecast of the rates of shipments, through all appropriate channels, of units of the following offerings of Unix System V, UnixWare, Eiger, MXU and White Box software:

- ◊ Single user and multi-user versions
- ◊ Upgrades to existing units
- ◊ Processor upgrades
- ◊ Other components, specifically:
  - Software developers kit
  - OnLine Data Manager
  - Locus Merge
- ◊ All Units which Buyer receives payment for, directly or indirectly

Table A  
Units (in thousands)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
SCO Shipments	216.40	216.40	216.40	216.40	216.40	216.40	216.40	216.40
UnixWare Binary - Indirect	57.50	99.10	131.50	107.00	39.20	0.00	0.00	0.00
UnixWare - OEM	10.10	35.50	55.60	68.10	68.10	49.30	34.50	0.00
MXU Binary - Indirect	0.00	0.00	43.80	160.40	282.60	334.40	305.30	201.30
MXU - OEM	0.00	0.00	13.90	45.40	91.90	148.00	186.50	233.20
WBOS Binary - Indirect	0.00	0.00	0.00	0.00	70.60	222.90	457.90	805.40
WBOS - OEM	0.00	0.00	0.00	0.00	10.20	49.30	124.40	233.20
SVRX converted units	0.00	33.80	69.80	108.40	149.50	193.30	239.90	289.60
SVRX remaining	<u>1072.90</u>	<u>1091.30</u>	<u>1112.90</u>	<u>1132.90</u>	<u>1153.80</u>	<u>1174.90</u>	<u>1195.60</u>	<u>1218.80</u>
Total Unix Software Units	1256.00	1476.60	1643.00	1838.30	2082.10	2388.50	2761.50	3197.90