EXHIBIT 7

DEPOSITION EXHIBIT 19 TS BRADFORD 7-17-01

Sale of DOS file

Not material

From: Steve Bentley
To: DBRADFORD
Date: 12/8/95 5:04pm
Subject: Status on Novell DOS

Some months ago, Novell determined that Novell DOS (NDOS) no longer fit within Novell's strategic directions or product plans. Since then, Novell has discontinued marketing of NDOS and has announced the discontinuance of free support for retail versions. Retail sales are now all but non-existent, although some OEM arrangements continue. Discussions have been held with several parties potentially interested in acquiring NDOS; only one party remains seriously interested. That party, Caldera, is a member of the Noorda Family Trust group of companies.

Caldera has licensed some of our Corsair and NetWare technologies in order to create desktop and NetWare clients for the Linux operating system. They are interested in NDOS as an extension of these capabilities and are looking at a business model involving broad, low- or no-cost dissemination of NDOS as an open technology which could be adopted and improved by developers and institutions throughout the world. Under Caldera's plan, despite free availability of NDOS, commercial utilization would require purchase of licenses from Caldera. Such a plan may well be the only viable alternative for effective utilization of NDOS, given the state of the competition.

Valuation of the NDOS business is relatively straightforward based on Novell's sales patterns, although adjustments can be argued due to several factors. Selling price will likely not exceed $500,000, although we are considering "sweeteners" such as potential licensing of the NetWare 32-bit client, licensing of DOS Protected Mode Services technology, and possibly even Personal NetWare. Given these licenses and the possibility that NDOS is undervalued (the product may be far more valuable than our depressed, no-effort revenue stream would indicate), we've talked about the possibility of a royalty-based "earn-out" which escalates as revenues increase. For example, at low annual Caldera NDOS revenue rates, little or no royalty would be due. But if Caldera hits a "home run" and realizes substantial revenues related to these products, a royalty rate of 60% or more may apply. A.
B.

The most significant outstanding issue relates to a potential legal cause of action against Microsoft for restraint of trade and other anticompetitive actions which have injured Novell's efforts with NDOS. A successful suit could result in a very significant damage award. Novell has determined that it is *not* in Novell's best interests to prosecute such a suit, given the amount of managerial distraction which would result, the misguided focus of employees and the world, and the damage to needed relationships with Microsoft.

Caldera and the Noorda Family Trust *are* willing and interested in prosecuting such a suit. However,

- Due to the speculative and contingent nature of any potential recovery, Caldera is unwilling to pay anything up front for the right to prosecute the suit.
- Caldera *is* willing to share suit proceeds with Novell.
- If Caldera does proceed with the suit, Novell management will, of necessity, be involved. *How can such involvement, and the other negative aspects of the suit, be minimized?* It has been suggested the negative aspects to Novell will be diminished

if Caldera is the plaintiff, if some time passes before Caldera pursues the suit, and if Novell has not retained a "direct" ownership in the suit. Arguably, Novell's interest is *not* direct if Novell participates only through the royalty mechanism described above (as applicable to *all revenues* associated with NDOS). *Novell must finalize an internal determination on this point before an NDOS sale transaction can be completed.*

CC: SCROSBY

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