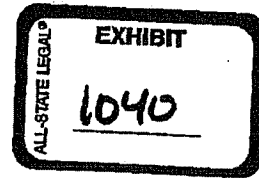


Exhibit B



Novell

07/11/2003

Via Telefacsimile (801) 765-1313 and Overnight Mail

Robert Bench
Chief Financial Officer
The SCO Group
355 South 520 West
Lindon, UT 84042

*Re: Demand for Outstanding Royalty Reports and Payments, and Notice of
Audit, under the Asset Purchase Agreement Between The Santa Cruz
Operation, Inc. and Novell, Inc., September 19, 1995*

Dear Mr. Bench:

I write to address two issues relating to payments owed by SCO to Novell under the Asset Purchase Agreement, including both SVRX royalties and the royalties payable through June 30, 2003 on Royalty-Bearing Products.

First, it has been more than six months since Novell received any royalty reports or payments from SCO (we last received a royalty payment for October 2002, a royalty report for November 2002, and it appears that we have not received a royalty report or payment since). We have tried to address this issue in the ordinary course through SCO's accounts receivable staff, but we have not received either the reports or payments or an explanation for SCO's failure to provide them.

Accordingly, we demand that SCO provide immediately (and, for the future, provide on a timely basis) the royalty reports and payments required by the Asset Purchase Agreement. Please provide the reports in the format specified in Section 1.2(f) of the Asset Purchase Agreement (as amended by Amendment No. 1), including breakdowns by revenue type, product, customer, quarterly period of distribution, and (if available) country of distribution. Please also provide us with the single point of contact (to give us supplemental information we deem appropriate) and the monthly reconciliation (of revenues and accounts receivable to cash remittances) that are required by Section 1.2(f).

Second, we hereby notify you that we will conduct an audit of SCO concerning royalties and other payments due under the SVRX licenses and the Asset Purchase Agreement. We will begin the audit at 10:00 a.m. on August 18, 2003, although we would be pleased to begin on another day that same week if another day is more convenient for your accounting personnel. As you may be aware, Novell last conducted an audit in February 1998, covering the period ending December 31, 1997.

Novell, Inc. • 1801 South Novell Place • Provo, UT 84606 • Tel: 801 861 3000 • Fax: 801 861 3001

NOV 000043077

NOV-EX-220

Robert Bench
Page Two

Accordingly, the audit will focus on royalties for the period beginning January 1, 1998 and ending June 30, 2003. Please acknowledge receipt of this letter and let us know the SCO contact person with whom we should coordinate the audit.

Please let us know if you have any questions.

Sincerely,



Mike Bready
Director, Contract Management.



July 17, 2003

Mr. Mike Bready, Director
Contract Management
Novell, Inc.
1800 South Novell Place
Provo, UT 84606-6194

Re: Royalty Payments and Audit Request pursuant to Asset Purchase Agreement
dated September 19, 1995

Dear Mr. Bready:

This letter is in response to yours of July 11, 2003.

Attached with this letter please find SVRx royalty payments from November 2002 through and including May 31, 2003. As you know, these payments are typically made to Novell on a quarterly basis. Recent payments were withheld pending our review of Novell's recent announcements regarding Linux. We are currently evaluating the scope of Novell's Linux-related activities for compliance with the terms of the September 19, 1995 Asset Purchase Agreement and its various amendments (collectively, the Asset Purchase Agreement").

We have provisionally determined that Novell announcements, standing alone, may not have violated the terms of the Asset Purchase Agreement for the royalty period in question. For this reason SCO management has authorized payment of the above-referenced royalty amounts. However, SCO expressly reserves and does not waive its right to withhold royalty payments for future periods if it is determined that Novell violates its obligations under the Asset Purchase Agreement with respect to any Linux-related activity.

With regards to your request to begin an audit on August 18, 2003 at 10:00 am in our offices, we would request Novell begin their royalty audit procedures the following week if possible. SCO's quarter ends July 31 and our auditors are scheduled to be at our offices for their quarterly review procedures during the week of August 18th. Our revenue and royalty finance teams will be fully engaged with our auditors. If you could start your audit the week of August 25th we could then give you our full and undivided attention for your audit needs and requirements. Please let me know if this is satisfactory.

Please direct all issues regarding the audit request to me.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Bench", written over a horizontal line.

Robert Bench
Chief Financial Officer