

EXHIBIT 39

Novell, Inc. Ph 801 222-4450
Legal Department Ph 800 453-1267
1555 North Technology Way Fx 801 228-7077
Mall Stop A232 http://www.novell.com
Orem, UT 84097-2395
July 2, 1997

Novell

**Bill Broderick
Manager, Law and Corporate Affairs
The Santa Cruz Operation, Inc.
430 Mountain Avenue
Murray Hill, New Jersey 07974-0004**

Re: Cray Research

Dear Mr. Broderick,

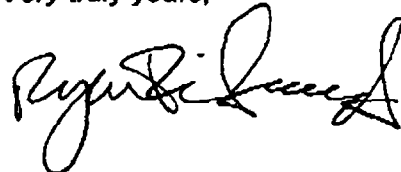
We have received your letter dated May 8, 1997 whereby SCO assigned to Novell the right to negotiate directly with Cray Research concerning Cray's stated intention to operate under the SGI/Novell Software Agreement, its relevant sublicensing agreements, and the SGI/Novell April 25, 1995 Letter Agreement ("SGI Agreements"), rather than the Cray Software Agreement and its relevant sublicensing agreements ("Cray Agreements") for certain royalty-generating binary shipments.

By signature below, SCO authorizes Novell to negotiate and conclude with Cray the issue of Cray's intention to operate under the SGI Agreements for all SVRX royalty-generating binary shipments. Novell agrees to inform SCO of any settlement prior to concluding a settlement with Cray. SCO's prior approval of any such settlement will be required only if the proposed settlement would alter Cray's obligation to SCO for source code royalties currently due under the Cray Agreements, including allowing Cray to operate wholly under the SGI Agreements instead of the Cray Agreements. In such a case, in addition to having the right to give prior approval, SCO shall have the right to negotiate directly with Cray for the continuation of Cray's rights to distribute source code currently provided under the Cray Agreements.

This is intended to enable Novell to negotiate directly with Cray on the issue of Cray's intention to operate under the SGI Agreements for all SVRX royalty-generating binary shipments without requiring direct involvement from SCO. The only alternative would be for Novell and SCO to jointly negotiate with Cray, a situation which SCO has already indicated would unacceptably tax its legal resources.

Very truly yours,

Agreed.



**Ryan L. Richards
Associate General Counsel**



**Steve Sabbath
General Counsel, SCO**

Date: 7 July 97