

NOVELL, INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose

The Compensation Committee (the "Committee") of the Company is appointed by, and generally acts on behalf of, the Board of Directors (the "Board") of Novell, Inc. (the "Company"). The Board has determined to establish the governing principles of the Committee through the adoption of this Charter. The Committee's principal purposes shall be:

- (i) to review, consider, and suggest compensatory plans and pay levels for the Chief Executive Officer ("CEO") for approval by the independent members of the Board, and to review, consider, and suggest and approve compensatory plans and pay levels for all other officers of the Company subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and all executives who are direct reports to the Chief Executive Officer (together with the CEO, the "Executives");
- (ii) to recommend the annual retainer and meeting attendance fees for all non-employee directors of the Company (the "Directors") for service on the Board and its committees to the Corporate Governance Committee;
- (iii) to review and administer (in conjunction with management) the employee long- and short-term compensation plans, employee performance-based incentive plans (which are cash and equity based) and other employee benefit plans in alignment with the Company's business strategy and in a manner that reflects, in general, programs and practices within the high technology industry; and
- (iv) to issue annually a report on executive compensation in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's proxy statement.

II. Responsibilities and Duties

The Committee has the following responsibilities:

- (i) to periodically review, consider and approve the philosophy for compensation of its Directors, Executives and employees.
- (ii) to provide oversight with regard to the development and ongoing refinement of the Company's compensation philosophies on behalf of any compensation or benefit plan maintained by the Company.
- (iii) to periodically review, consider and recommend to the Corporate Governance Committee the total compensation program for the Directors for service on the Board and its committees. Overall compensation may include a cash annual retainer, cash meeting fees, stock compensation and additional consideration as recommended by the Committee. Total compensation is to be based on market data from the high technology industry, provided by an independent consultant retained by the Committee for such purpose.
- (iv) to periodically review, consider and approve the total compensation program for Executives to ensure that the elements of that program support the Company's philosophy for the compensation of Executives and relate back to the Company's strategy, as established by the Board. The compensation program may be composed of a mix of base salary, short and long-term incentives, deferred compensation programs, equity awards and executive benefits. The Committee shall also review, consider, suggest and approve individual compensation packages for each of the Executives, except that the package for the CEO shall be approved by the independent members of the Board.
- (v) to consider, in evaluating Executive compensation, both the Company's and the Executive's performance, compensation paid to similar executive officers of other companies within the high technology industry and past awards to the Executive.
- (vi) to establish and administer objective performance goals under which performance-based compensation may be paid to the CEO and the Named Executive Officers (as that term is defined in Item 402 of Regulation S-K under the Securities Act of 1933, as amended) of the Company and to certify that such performance goals are attained prior to the payment of any performance-based compensation that is intended to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code; provided that the

independent members of the Board shall have final approval over the administration of performance goals for the CEO.

- (vii) to periodically review, consider and approve the total compensation program for employees to ensure that the elements of that program support the Company's philosophy for the compensation of employees and relate back to the Company's strategy, as established by the Board. The compensation program may be composed of a mix of base salary, short and long-term incentives, deferred compensation programs, equity awards and benefits.
- (viii) to interpret, administer and, where applicable, make awards to Executives and employees under the Company's employee stock option and stock purchase plans (the "Stock Plans") and other benefit plans, including determining eligibility, the number and type of options available for grant and the terms of such grants, to review and approve management's recommendations, and if the Committee deems necessary, to amend those Stock Plans. With respect to employee compensation only, the Committee may delegate this responsibility to one or more sub-committees as it determines to be appropriate.
- (ix) to subject itself to oversight by the Board and fully cooperate with any audit of the Committee or any other request for information by the Board or the Company's internal and outside auditors, including to open its books and records in connection with the Board's oversight, any audit of the Committee or any such request for information.
- (x) to prepare annually a report to the Board regarding the compensation of the Executives of the Company that are subject to the reporting requirements of Section 16 of the Exchange Act in accordance with the applicable rules and regulations of the SEC stating the criteria by which such Executives receive compensation and for inclusion in the Company's proxy statement.
- (xi) to monitor compliance with Section 304 of the Sarbanes Oxley Act of 2002 (16 U.S.C Section 7423) and Section 13(k) of the Exchange Act, relating, respectively to forfeiture of certain bonuses and profits by the CEO and Chief Financial Officer and to the prohibition on personal loans by the Company to the directors and officers of the Company.
- (xii) to periodically review with the CEO and other members of management, matters relating to management succession and executive development, including, but not limited to compensation.
- (xiii) to review, consider and approve special employment arrangements and agreements for Executives and potential hires that would likely become executive officers.
- (xiv) to oversee the Company's global employee benefit programs and advise on which changes should be approved by the stockholders or the Board, where applicable.
- (xv) to periodically advise and consult with the Company's Executives regarding managerial personnel matters.

III. Other Powers and Responsibilities

A. Evaluations

With the assistance of the Corporate Governance Committee, the Committee shall annually review and assess its own performance and the performance of each Committee member and report to the Board the results of its evaluation. In conducting this review, the Committee shall address matters that it considers relevant to its performance, including at a minimum, the adequacy, appropriateness and quality of the information and recommendations presented to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

B. Reports

The Committee shall make regular reports to the Board, providing an overview of its activities, summarizing Committee actions and commenting on the fulfillment of the Committee's duties under this Charter. The Committee shall also present resolutions to the Board that the Committee has recommended be adopted at the Board level.

C. Retention of Professional Advisors

The Committee shall have the authority to retain consultants and other third-party advisors of its selection to provide it with advice and counsel about the Company's compensation and benefit programs. The Company shall provide appropriate funding for the Committee to retain such advisors without requiring the Committee to seek Board approval.

D. Revision of Charter

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval.

E. Miscellaneous

The Committee shall perform any other activities consistent with this Charter, the Company's Certificate of Incorporation, Bylaws, and governing law, as the Committee or the Board deems necessary or appropriate.

IV. Membership and Organization of Committee

A. Size of Committee

The Committee shall consist of at least three directors.

B. Member Qualifications

All members of the Committee shall meet the definitions of: "independent director" under the Rules of the Nasdaq Stock Market, Inc.; "outside director" under Treasury Regulation 1.162-27 (e)(3), for purposes of Internal Revenue Code Section 162(m); and "non-employee director" under Rule 16b-3(b)(3) under the Exchange Act, as such requirements may change from time to time.

C. Appointment

The members of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance Committee. The Corporate Governance Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairperson. If the Chairperson is absent from a meeting, another member of the Committee may act as Chairperson.

D. Term

Members of the Committee will be appointed for one-year terms and shall serve until their resignation, retirement, or removal by the Board or until their successors shall be appointed. The Board may fill vacancies on the Committee and remove a member of the Committee at any time with or without cause. No member of the Committee shall be removed except by majority vote of the independent directors of the Board then in office.

V. Conduct of Meetings

A. Frequency

The Committee shall meet when, where and as often as it may deem necessary and appropriate in its judgment, but in no event less than four (4) times per year, either in person or telephonically. Half of the members of the Committee shall constitute a quorum. The Chairman of the Board, the Chairman of the Committee, the Company's Chief Executive Officer or the Company's Senior Vice President, People shall have the right to call a special meeting of the Committee.

B. Non-Committee Member Attendees

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests. Notwithstanding the foregoing, the compensation of the Chief Executive Officer shall be approved by the Committee meeting in executive session. The compensation of the other Executives shall be approved by the Committee meeting in an executive session at which the Chief Executive Officer may be in attendance.

C. Conduct of Meetings

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.

D. Minutes

A member of the Committee or the Corporate Secretary shall keep written minutes of Committee meetings, which minutes shall be maintained with the books and records of the Company.

E. Delegation of Authority

The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation or listing standard to be exercised by the Committee as a whole.