

Press Release

Novell Completes Sale of UnixWare Business to The Santa Cruz Operation

OREM, Utah -- December 6, 1995 -- Novell, Inc. today completed the sale of its UnixWare business to The Santa Cruz Operation, Inc. (SCO), finalizing an agreement first announced in September, 1995. Under the agreement, Novell receives approximately 6.1 million shares of SCO common stock, resulting in an ownership position of approximately 17 percent of the outstanding SCO capital stock. The agreement also calls for Novell to receive a revenue stream from SCO based on revenue performance of the purchased UnixWare business. This revenue stream is not to exceed \$84 million net present value, and will end by the year 2002.

In addition, Novell will continue to receive revenue from existing licenses for older versions of UNIX System V source code. Also, Novell will receive royalties from SCO's licensing of its NetWare networking software, including NetWare Directory Services (NDS), for use in UnixWare based operating system products.

The transaction positions SCO to consolidate the UNIX System on the Intel platform. SCO plans to merge the SCO OpenServer Release 5 and SCO UnixWare product lines to create a standard high-volume UNIX operating system that contains integrated NetWare networking software. SCO has announced that the merged product will begin shipping in 1997. SCO has also announced that it will ship the next release of UnixWare in the first quarter 1996, and that this UnixWare product will include NetWare networking software to help customers integrate UNIX Systems with Novell networks.

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