Press Release

FOR IMMEDIATE RELEASE

CONTACT:

Jeff Finn
The Santa Cruz Operation, Inc.
TEL: 408/427-7671
FAX: 408/427-7319

SCO ACQUIRES UNIX BUSINESS FROM NOVELL AND LICENSES NETWARE TECHNOLOGY

Novell Takes 17% Equity Position in SCO

NEW YORK, NY (September 20, 1995) – The Santa Cruz Operation, Inc. (NASDAQ:SCOC) and Novell, Inc. (NASDAQ: NOVL) today announced a definitive agreement for SCO to purchase the UNIX business from Novell. Under the agreement, Novell will receive approximately 6.1 million shares of SCO common stock, resulting in an ownership position of approximately 17% (post transaction) of the outstanding SCO capital stock. SCO will also license Novell's NetWare Directory Services and other NetWare 4 technologies as the basis for future networking services. SCO plans to merge the SCO OpenServer Release 5 and UnixWare 2 product lines to create a standard high-volume UNIX operating system that contains integrated NetWare networking services, and expects to release this merged product in 1997.

Alok Mohan, president and CEO of SCO, said, "This extends SCO's leadership position in the Business Critical Server market. Our customers and resellers not only get a powerful UNIX operating system, but also the most advanced network services in the world. Novell's advanced network services, such as NetWare Directory Services, are setting the standard for business networking. Our customers will be able to integrate their Business Critical Servers with their existing workgroups to provide their people with greater access to corporate data."

(More)

"SCO's Business Critical Server focus and worldwide distribution channel makes them an ideal partner for taking UNIX application servers forward on the Intel platform," said Robert J. Frankenberg, chairman and CEO of Novell. By focusing on our areas of expertise, and working to integrate our technologies, Novell and SCO together will meet the application server needs of customers in a networked world."

According to the terms of the agreement, SCO will acquire Novell's UnixWare business and UNIX intellectual property.   In order to meet customer support needs and protect development requirements, SCO intends to hire a number of Novell employees. In addition to the SCO stock, Novell will receive a revenue stream back from SCO based on revenue performance of the purchased UNIX business. This revenue stream will end in the year 2002 and is not to exceed $84 million net present value.

SCO and Novell expect the agreement to close on or about December 1, 1995, conditional upon several items including U.S. government approval under the Hart-Scott-Rodino Act. Shareholder approval is not required by either party.

SCO has outlined a product roadmap in which both SCO OpenServer and UnixWare will initially continue to be individually supported and enhanced. Upcoming releases include enhanced SCO OpenServer and UnixWare products, containing integrated NetWare services, in the first half of 1996. In the summer of 1996, SCO expects to release a beta version of the product that merges SCO OpenServer and UnixWare, with a complete software migration toolkit. This beta kit will enable developers to begin developing their applications to a single merged product line that contains the best capabilities of both environments. SCO expects to release the final version of this merged product, containing integrated NetWare services, in 1997. The merged product will offer binary compatibility with existing SCO OpenServer and UnixWare applications, as well as a full set of migration tools to ensure that developers can easily develop for the new line from either predecessor.

(More)

SCO will continue to offer UnixWare source code to existing and new OEM licensees worldwide. Existing Certified Novell Engineers (CNEs) for UnixWare are fully certified to support UnixWare products from SCO.

In order to smooth the transition for existing customers of SCO OpenServer and UnixWare to the future merged product, SCO plans to offer a number of enhancements to the product lines over the coming months. These include UNIX 95 compliance; NetWare file, print, and directory services; and tools that allow software developers to quickly create a single binary that will run on SCO OpenServer Release 5, UnixWare 2, and the next-generation merged operating system.

SCO is the world's leader for UNIX System servers and multiuser hosts. SCO Business Critical Servers run the critical, day-to-day operations of large branch organizations in retail, finance, and government, as well as corporate departments and small to medium-sized businesses of every kind. SCO is also a leading supplier of client-integration software that integrates Windows PCs and other clients with UNIX servers from all of the major vendors. SCO sells and supports its products through a worldwide network of distributors, resellers, systems integrators, and OEMs.

The business of Novell, Inc. is connecting people with other people and the information they need, enabling them to act on it anytime, anywhere. Novell is the world's leading network software provider. The company's software products provide the distributed infrastructure, network services, advanced network access and network applications required to make networked information and computing an integral part of everyone's daily life.

###