



## THE SCO GROUP

SOLID PRODUCTS

STRONG PARTNERS

LOYAL CUSTOMERS

### BUSINESS OVERVIEW

As the owner of the UNIX® operating system, The SCO Group (SCO) has established itself as a leading provider of innovative UNIX solutions. Millions of customers in more than 82 countries depend on SCO for the Power of UNIX. Headquartered in Lindon, Utah, SCO has a worldwide network of thousands of resellers and developers.



### MARKET SEGMENTS

SCO products provide comprehensive additions or alternatives to less-reliable, insecure, and less supportable operating systems. Customers have come to know SCO UNIX as a highly reliable and scalable computing platform capable of handling everything from the millions of transactions a day at McDonald's® Corporation to the Olympic®-sized concessions demands of Sydney stadium. Additionally, SCO continues to offer solutions that increase customers' productivity in specific vertical markets such as retail, finance, healthcare, and manufacturing. Many of these solutions integrate solid SCO products with innovative partner development to create compelling turnkey solutions.

### PARTNERSHIPS AND ALLIANCES

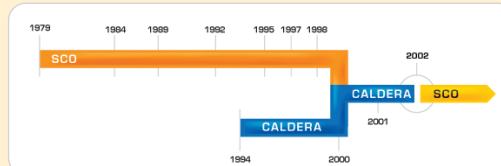
SCO partners with some of the biggest names in the industry, including Intel®, HP®, Dell®, Computer Associates®, Progress Software®, and others. Many of the largest and most successful software and hardware companies in the world have joined with SCO to provide powerful server-based solutions, vertical market products, as well as turnkey solutions. In addition to strategic industry partnerships, SCO has built its business and reputation on its leveraged reseller and developer partnerships.

### FINANCIAL SUMMARY

SCO recently restored profitability to the UNIX business which is now generating solid cash flow. During the last fiscal quarter, there was also a nice uplift from SCOsource licensing revenue. In addition, the company implemented a Shareholder

Rights Plan that will help protect itself from any potential undervalued takeover attempt. Finally, SCO has entered into a letter of intent with Boies, Schiller & Flexner that ensures representation from this firm through the end of the ongoing litigation with IBM – including any potential appeals. This agreement not only demonstrates the Boies firm's belief in SCO's legal case but also provides SCO with greater financial flexibility to accomplish its business goals.

### The SCO Group Timeline



- 1979** SCO founded as The Santa Cruz Operation by Doug and Larry Michels as a UNIX system porting and consulting company.
- 1984** SCO creates a two-tier channel model for distributing general purpose operating systems worldwide (today a \$4 billion market for Intel processor based solutions that run SCO server software).
- 1989** SCO ships SCO UNIX System V/386, the first volume commercial product licensed by AT&T to use the UNIX System trademark.
- 1992** SCO launches SCO OpenServer™ family of operating system products.
- 1994** Caldera Inc. formed by Ray Noorda and Ransom Love.
- 1995** SCO acquires UNIX System source technology business from Novell corporation (which had acquired it from AT&T's UNIX Systems Laboratories).
- 1997** SCO delivers the first clustering solution for Intel processor-based servers.
- 1998** Project Monterey: SCO and IBM, with the support of Intel agree to develop a high-volume enterprise UNIX system for Intel IA-32 and IA-64 systems.
- 2001** Caldera Systems completes the acquisition of SCO's Server Software and Professional Services Divisions.
- 2002** Caldera changes its name to The SCO Group (SCO), returning to the SCO brand.
- 2003** SCO files Lawsuit against IBM alleging tortious interference, unfair competition, and breach of contract.
- 2003** SCO announces new initiatives to enforce Intellectual Property rights.
- 2003** SCO files Slander of Title Lawsuit against Novell.
- 2004** SCO successfully restores profitability to its UNIX division.

### FINANCIAL FUNDAMENTALS

- > **NasdaqSC:** SCOX
- > **Recent Price:** \$3.67
- > **52 Week Range:** \$3.51 - \$22.29
- > **Avg Daily Vol (Mil) (RTMA):** \$3.032
- > **Market Cap (Mil):** \$56.894
- > **Installed Base:** 2,000,000+ Servers
- > **Balance Sheet (Mil):** \$43 (no debt)
- > **Shares Outstanding (Mil):** 17.4
- > **Employees:** 230

## THE SCO GROUP : EXECUTIVE STAFF



**Darl C. McBride**  
President and Chief  
Executive Officer



**Bert Young**  
Chief Financial  
Officer



**Chris Sontag**  
Senior Vice President  
and General Manager,  
SCOsource Division



**Jeff Hunsaker**  
Senior Vice President  
and General Manager,  
SCO UNIX Division



**Ryan Tibbitts**  
General Counsel

## CUSTOMER PROFILES

**Customers who benefit from SCO solutions include:**

**Corporate IT Departments** depending on SCO to efficiently deploy hundreds or even thousands of systems to remote sites such as retail stores, auto dealerships, or food chain stores.

**Vertical Solution Providers (VSPs)** marrying SCO business-class software with their own industry specific software and hardware creating highly tailored solutions.

**Value Added Resellers (VARs)** delivering solutions and services with a clear return on investment. SCO's renowned reliability and remote management enable solution providers to improve service levels while reducing costs.

## PRODUCT OVERVIEW



**SCO OpenServer** is a highly reliable and scalable computing platform that integrates with hundreds of vertical solutions including accounting, banking, medical, point-of-sale, retail, back-office, and many others. SCO delivers this powerful UNIX reliability on industry standard commodity hardware.



**SCO UnixWare** is the premier UNIX operating system for industry standard hardware. It outperforms any other operating system in its class ranging from a back-office solution on a single server to hosting a database intensive, high-transaction volume application across a network of servers.



**SCO Office Server** provides a reliable, secure, and truly cost-effective e-mail and collaboration server powered by SCO UnixWare and SCO OpenServer. The SCO Office Mail Connector for Microsoft Outlook provides one-click Outlook compatibility for sharing e-mail, calendars, discussion groups, address books, and tasks.



**SCO Smallfoot** SCO is using its expertise to offer a POS toolkit that any experienced UNIX developer can use to build a custom operating system image. The toolkit and the resulting OS platform are collectively referred to as SCO Smallfoot.



**SCOx Web Services Substrate (SCOx WSS)** The SCOx Web Services Substrate (WSS) is a powerful Web Services-based framework that provides the tools, applications and infrastructure to enhance Web and wireless access to legacy applications and databases. A major component of this framework is provided by SCO's partner Ericom Software.



**SCO Global Services** provides traditional and Web-delivered services worldwide that include support, education, and professional services.

## SCO LEGAL UPDATE

Case	Description	Next Milestones
<b>Red Hat v. SCO</b>	On August 4, 2003, Red Hat filed a request for Injunctive and Declaratory Relief. On October 3, 2003, SCO filed a Motion to Dismiss.	The US Court in Delaware has concluded that the action should be stayed pending a resolution of the Utah litigation between SCO and IBM.
<b>SCO v. IBM</b>	On March 6, 2003, The SCO Group filed a civil lawsuit against IBM alleging tortious interference, unfair competition and breach of contract (1st Amended Complaint, June 16, 2003; 2nd Amended Complaint, February 27, 2004).	A trial date for this case has been set for 1 November 2005 (anticipated 5-week trial). Currently, the discovery process continues. The US District Court Judge currently has 4 motions under advisement, with rulings pending. A hearing for SCO's Motion to Compel Discovery has been set for 19 October 2004.
<b>SCO v. Novell</b>	On January 20, 2004, SCO filed suit against Novell for its alleged bad faith effort to interfere with SCO's rights with respect to UNIX and UnixWare, including improperly filing copyright registrations; Making false and misleading public claims; Making false statements with the intent to cause customers to not do business with SCO; Attempting, in bad faith, to block SCO's ability to enforce its copyrights.	Currently awaiting the scheduling of a hearing date for Novell's second Motion to Dismiss from the US District Court in Utah.
<b>SCO v. AutoZone</b>	On March 3, 2004, SCO filed a complaint alleging that AutoZone violated SCO's UNIX copyrights by running versions of the Linux operating system that contain code, structure, sequence and/or organization from SCO's proprietary UNIX System V code in violation of SCO's copyrights.	The discovery phase is currently underway. Following the discovery process, it is expected that a hearing date will be set by the Nevada District Court.



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