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July 15, 2005

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Via Overnight UPS

The Honorable Robert C. Jones
U.S. District Judge
U.S. District Court, District of Nevada
333 S. Las Vegas Blvd.
Las Vegas, Nevada 89101

Re: The SCO Group, Inc. v. AutoZone, Inc. CV-S-04-0237-RCJ-LRL

Dear Judge Jones:

Pursuant to the Court's August 6, 2004 Order, AutoZone, Inc. submits this letter to update the Court on the ongoing litigation related to this matter. Although AutoZone is not a party to the other related cases, AutoZone has derived the following information from publicly available sources.

1. *The SCO Group, Inc., v. International Business Machines Corporation, Case No. 2:03-CV-0294 DAK (D. Utah)*

On July 1, 2005, the court issued an order addressing two outstanding motions filed by SCO. The court granted SCO's Motion to Compel IBM to Produce Samuel Palisimo for deposition. Mr. Palisimo is IBM's current CEO. The court granted SCO's motion based upon its finding that Mr. Palisimo could have unique personal knowledge related to the claims in the action. However, the court denied SCO's Motion to File a Third Amended Complaint. SCO filed the motion to amend its complaint to include a copyright infringement claim against IBM based upon IBM's alleged use of SCO code in IBM's AIX for Power products. The court found that SCO should have known about IBM's use before it filed its original complaint, and that SCO has unduly delayed seeking leave to assert this cause of action.

The court's July 1 order further revised the scheduling order in the case. The revised close of factual discovery in the case is now March 17, 2006. Dispositive motions are due by July 28, 2006. The five-week jury trial is scheduled to begin on February 26, 2007

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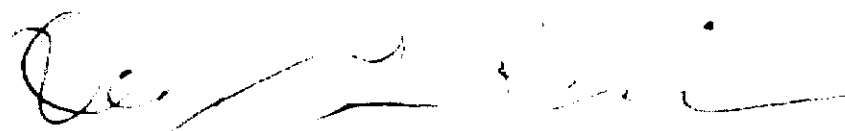
2. ***The SCO Group, Inc. v. Novell, Inc., Case No. 2:04-CV-00139 (D. Utah)***

On August 6, 2004, Novell filed a motion to dismiss SCO's amended complaint with prejudice. On June 27, 2005, the court denied Novell's motion to dismiss. In its motion, Novell argued that it could not be held liable for slander of title because it had a privilege to make good faith assertions of rival property ownership. The court noted that the privilege enjoyed by a party making a rival property claim may be overcome if the claim was made with malice. The court found that SCO had properly alleged malice in its pleadings and was entitled to discovery on the allegation; thus, the court denied Novell's motion.

3. ***Red Hat, Inc. v. The SCO Group, Inc., Case No. 03-772-SLR (D. Del.)***

As reported previously, the District of Delaware ordered this case stayed *sua sponte* on April 6, 2004. Other than letters from Red Hat and SCO to the court updating the court of the ongoing status of the *IBM* and *Novell* litigation, no action has occurred in this case since our last update to the court. Accordingly, this case remains stayed pending resolution of the *IBM* and *Novell* cases.

Very truly yours,



Douglas L. Bridges

DJS:dlb

cc: Stanley W. Parry, Esq. (via facsimile)
David Stone, Esq. (via facsimile)