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July 14, 2008

VIA HAND-DELIVERY

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

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CLERK OF DISTRICT COURT
DISTRICT OF NEVADA
BY _____ DEPUTY

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

Dear Judge Jones:

Pursuant to this Court's July 3, 2008 Order, The SCO Group, Inc. ("SCO") respectfully submits this status report to apprise the Court of events occurring since our last update (on July 16, 2007) in certain other actions.

1. The SCO Group, Inc. v. International Business Machines Corporation, Case No. 2:03CV0294 DAK (D. Utah)

This case was automatically stayed upon SCO's filing of voluntary petitions for Chapter 11 bankruptcy protection on September 14, 2007, as described below. Prior to the stay, the Court did not rule on the motions that were pending at the time of SCO's last update report, including the parties' motions for summary judgment.

2. The SCO Group, Inc. v. Novell, Inc., Case No. 2:04CV00139 (D. Utah)

On August 10, 2007, the Court issued a Memorandum and Order that dismissed most of the un-stayed portions of SCO's case against Novell, granted most portions of Novell's motions for summary judgment, and permitted only issues related to Novell's counterclaims to proceed to trial. The Order also had the effect of defeating SCO's claims in the IBM case to an extent the Court has not yet determined. The Court specifically ruled that:

- Novell owns the UNIX and UnixWare copyrights existing at the time of the APA, because the APA failed to transfer them under contract and copyright law. This ruling dismissed SCO's slander claim and portions of its copyright and unfair competition claims based on ownership of the pre-APA copyrights.



- Novell had the right to waive SCO's claims against IBM, concluding that "SVRX Licenses" refers to "all contracts relating to" SVRX, including the UNIX licenses underlying those claims. This ruling granted Novell's Fourth Counterclaim and dismissed portions of SCO's contract and unfair competition claims based on the alleged impropriety of Novell's waiver of SCO's claims against IBM.
- SCO's 2003 Agreements with Sun and Microsoft contained SVRX Licenses and the proceeds from those Licenses were therefore SVRX Royalties owed Novell. Accordingly, the Court largely granted Novell's motion for summary judgment on its counterclaims for breach of contract, breach of fiduciary duty, conversion, and unjust enrichment/restitution, which are all based on Novell's claim to SVRX Royalties from the Sun and Microsoft Agreements.

The Court declined to adjudicate as moot Novell's motion for summary judgment on SCO's alleged failure to establish special damages in support of its slander claim.

Upon a motion by Novell opposed by SCO, the Court conducted a four-day bench trial of remaining issues starting on April 29, 2008. These issues were whether SCOsource Agreements with Linux users also contained SVRX Licenses and the amounts, if any, that SCO owed Novell for the SVRX Licenses in SCOsource Agreements, including the Sun and Microsoft Agreements. The Court has not yet issued its findings or entered final judgment.

After the deadline for dispositive motions and before trial, Novell filed an additional motion for summary judgment asking the Court to declare that SCO had entered into the Sun and Microsoft Agreements without Novell's authority and consent. In response, SCO filed a Motion for Judgment on the Pleadings, asking the Court to dismiss either Novell's claim that SCO lacked that authority or Novell's claim for proceeds from those Agreements, as the claims are legally incompatible.

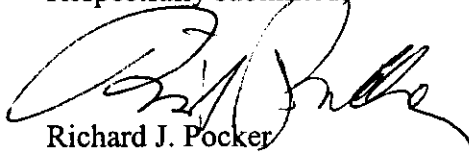
On September 14, 2007, SCO and its wholly owned subsidiary, SCO Operations, Inc. (collectively the "Debtors"), filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court for the District of Delaware. The Debtors' Chapter 11 cases are being jointly administered under Case No. 07-11337 (KG).

On October 4, 2007, Novell filed a Motion for Relief from Automatic Stay in the Bankruptcy Court. On November 27, 2007, the Bankruptcy Court lifted the stay to permit Novell to pursue the trial scheduled in the Utah District Court on the allocation of proceeds from the SCOsource agreements and the question of SCO's alleged lack of authority to enter into them, but the Bankruptcy Court retained jurisdiction to determine whether to impose a constructive trust on any amounts found to be payable to Novell. Upon the partial lifting of the automatic stay, the District Court in Utah scheduled and held the April 29, 2008 trial on the issues for which the Bankruptcy Court lifted the stay.

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

As Your Honor knows, the Court in the Red Hat case has stayed that action sua sponte. In addition, the case was automatically stayed upon SCO's filing for bankruptcy protection on September 14, 2007.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard J. Pocker", written over the typed name below.

Richard J. Pocker

cc: James Pisanelli, Esq. (via hand-delivery)
David S. Stone, Esq. (via facsimile)