

EXHIBIT 8



Microsoft Applauds European Commission Decision to Close Santa Cruz Operation Matter

Decision upholds Microsoft's right to receive royalties if SCO utilizes Microsoft's technology

REDMOND, Wash., November 24, 1997 — Microsoft Corporation today applauded the decision of the European Commission to close the file and take no further action on a dispute between Microsoft and Santa Cruz Operation (SCO) involving a 1987 contract. The Commission's decision follows progress by Microsoft and SCO to resolve a number of commercial issues related to the contract, and upholds Microsoft's right to receive royalty payments from SCO if software code developed by Microsoft is used in SCO's UNIX products.

"We are gratified that the European Commission rejected SCO's request for further action and approved our request to close the file on this case," said Brad Smith, Microsoft's associate general counsel, international.

"We were prepared to address SCO's concerns as long as our intellectual property royalty rights could be protected at the same time. The unique nature of the original 1987 contract made it difficult, but we were able to find a workable solution that resolves SCO's major concerns and still protects Microsoft's intellectual property rights," Smith said.

SCO's complaint concerned a contract originally negotiated in 1987 between Microsoft and AT & T for the development of the UNIX operating system. A principal goal of that contract was to help AT & T reduce fragmentation in the UNIX marketplace by creating a single merged UNIX product. To accomplish this goal, under the contract Microsoft developed for AT & T a new Intel-compatible version of UNIX that improved the program's performance and added compatibility with Microsoft's popular XENIX® operating system, which was at the time the most popular version of UNIX on any hardware platform. When completed in 1988, the merged product created by Microsoft was named "Product of the Year" by UnixWorld Magazine.

To prevent further UNIX fragmentation and at AT & T's behest, the contract obligated the parties to ensure that any future versions of UNIX they developed for the Intel platform would be compatible with this new version of UNIX.

As compensation for Microsoft's technology and for its agreement to give up its leadership position with XENIX, AT & T agreed to pay Microsoft a set royalty for the future copies of UNIX it shipped. AT & T subsequently transferred its rights and obligations under the contract to Novell, which transferred the contract to SCO in 1995.

The code developed by Microsoft under the 1987 contract continues to play an important role in SCO's OpenServer UNIX product. This includes improvements Microsoft made in memory management and system performance, development of a multi-step bootstrap sequence, numerous bug fixes, and the addition of new functions originally developed for XENIX and still documented today by SCO for use by current application developers.

SCO complained to the EC that the provisions in the 1987 contract restricted the manner in which it could develop a future version of UNIX (code-named "Gemini") for the 64-bit generation of Intel processors. After reviewing the matter, Microsoft modified the contract to waive SCO's backward compatibility and development obligations, but insisted on continued payment of royalties for any UNIX versions that include Microsoft's technology. Microsoft then requested that the Commission close the file on the case and take no further action, and the Commission agreed to do so. SCO therefore withdrew its complaint.

Microsoft's Smith said there were basically three issues in the contract that needed to be resolved: (1) the backward compatibility requirement, (2) a development requirement designed to reduce UNIX fragmentation under which each new version of UNIX would be built on the previous versions, and (3) royalty payment

obligations for Microsoft's intellectual property rights.

"Microsoft was willing to waive the backward compatibility and development requirements, which were included in the 1987 agreement at AT & T's behest, but we needed to preserve our intellectual property royalty rights, which are fundamental to the software industry as a whole," he noted. "Unfortunately, the old contract was written in a way that made it difficult to separate the development requirement from the royalty rights, but we were able to find a solution that gave SCO what it wanted but protected our intellectual property rights."

Microsoft first learned of SCO's complaint to the European Commission in late March. In a May 22 submission to European Commission officials, Microsoft affirmed that it was willing to waive the backward compatibility requirement in the contract, as long as Microsoft's right to receive royalty payment for use of its copyrighted technology was preserved. On May 26, before receiving Microsoft's submission, the Commission provided Microsoft with a Statement of Objections. This is a preliminary step in the EC process that identifies issues for further deliberation and provides a company an opportunity to present its position in person at an internal hearing. Microsoft reiterated its willingness to waive the backward compatibility requirements in an August 1 filing with the European Commission. Microsoft also requested that the Commission hold a hearing, so that Microsoft could document the various ways in which Microsoft's intellectual property is contained in SCO's present UNIX products.

On November 4, after discussions with SCO were unsuccessful in resolving the matter, Microsoft informed SCO that it was unilaterally waiving the compatibility and development requirements of the contract, but retaining the requirement that SCO pay a royalty to Microsoft when it ships product that utilizes Microsoft's intellectual property rights. Upon receiving Microsoft's waiver, the Commission canceled the hearing, which was scheduled for November 13. Despite Microsoft's action to address SCO's concerns, SCO continued to ask for further action by the European Commission. However, the Commission rejected SCO's request and decided to close the case. SCO therefore withdrew its complaint.

"We're pleased that we were able to resolve these issues to the satisfaction of everyone involved, and we're particularly pleased that the EC upheld our right to collect royalties for the use of our technology. This principle is fundamental to the entire software industry," said Smith.

Founded in 1975, Microsoft (NASDAQ "MSFT") is the worldwide leader in software for personal computers. The company offers a wide range of products and services for business and personal use, each designed with the mission of making it easier and more enjoyable for people to take advantage of the full power of personal computing every day.

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