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December 22, 2006

BY E-FILE

The Honorable Sue L. Robinson
Chief Judge
United States District Court
844 King Street
Wilmington, DE 19801

Re: *Red Hat, Inc. v. SCO Group, Inc.*;
Civil Action No. 03-772-SLR

Dear Chief Judge Robinson:

Pursuant to the Court's April 6, 2004 Order requesting a quarterly report on the status of various related litigation matters, Red Hat, Inc. ("Red Hat") submits this letter as an update to its previous letter, dated September 25, 2006. Although Red Hat is not a party to these other related cases, Red Hat offers the following summary based upon publicly available information.

1. *SCO Group, Inc. v. International Business Machines Corp. ("IBM")*

On September 25, 2006, the parties filed the following summary judgment motions:

SCO

Motion for Summary Judgment on SCO's Third Cause of Action for Breach of Contract

Motion for Summary Judgment on IBM's Second, Third, Fourth, and Fifth
Counterclaims

Motion for Summary Judgment on IBM's Sixth, Seventh, and Eighth Counterclaims

IBM

Motion for Summary Judgment on SCO's Contract Claims

Motion for Summary Judgment on SCO's Copyright Claim

Motion for Summary Judgment on SCO's Unfair Competition Claim

Motion for Summary Judgment on SCO's Interference Claims

Motion for Summary Judgment on IBM's Eighth Counterclaim

Motion for Summary Judgment on IBM's Tenth Counterclaim

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Memoranda in opposition to the summary judgment motions listed above were filed on November 11, 2006. Oral argument on these summary judgment motions has been set for March 1, 5, and 7, 2007.

On September 25, 2006, SCO also filed a motion for relief for IBM's spoliation of evidence. In the accompanying memorandum, SCO claimed that IBM executives issued a directive to programmers to intentionally destroy documents that would have shown IBM's reliance on AIX and Dynix source code in making contributions to Linux. SCO requested that the court to make an adverse inference against IBM and preclude IBM from contesting that it relied on AIX and Dynix source code in making contributions to the development of Linux. IBM filed its memorandum in opposition to this motion on November 21, 2006.

On November 30, 2006, the court granted IBM's motion to strike allegations in excess of SCO's final disclosures. The court also rendered an order dated November 29, 2006 affirming and adopting in its entirety the Magistrate Judge's June 28, 2006 order which held that SCO failed to comply with the court's previous discovery-related orders and Rule 26(e), that SCO acted willfully, and that SCO's conduct has resulted in prejudice to IBM. By this order, the court also vacated the trial date of February 27, 2007 in order to allow the pending dispositive motions to be decided and in light of the upcoming *SCO v. Novell* trial, which is set to begin on September 17, 2007.

2. *SCO Group, Inc. v. AutoZone, Inc.*

Since the filing of our last letter to the Court, no significant activity has occurred in this case.

3. *SCO v. Novell, Inc.*

On September 25, 2006, Novell filed its amended counterclaims, adding two new claims from its previously filed counterclaims; counterclaim seven alleges that SCO breached the fiduciary duty it owed to Novell "to diligently collect administer, and deliver to Novell all SVRX royalties" pursuant to the Asset Purchase Agreement ("APA") entered into by SCO and Novell, and counterclaim eight (for conversion) alleges that SCO converted royalties that belonged to Novell under the APA. Novell followed its amended counterclaims with a motion for partial summary or preliminary injunction as to its sixth, seventh, eighth, and ninth claims on September 29, 2006 and a motion for partial summary judgment on its fourth claim on December 1, 2006.

In response to Novell's September 29 motion, SCO requested an expedited stay or continuance until trial ends in the *SCO v. IBM* case. The court, by order dated October 24, 2006, denied SCO's request for a stay or continuance and found no basis for significantly delaying the briefing or decision on Novell's pending motion, stating:

... SCO's argument that it should not have to respond to Novell's motion while it is responding to the summary judgment motions and preparing for trial in the *SCO v. IBM* case is without merit.

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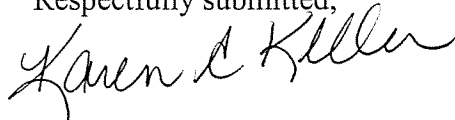
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SCO chose to bring both actions and plaintiffs are under an obligation to move their cases forward. There is no basis for staying or continuing this case because of SCO's own litigation strategy.

The court, however, granted SCO its requested extension to oppose Novell's motion and scheduled oral argument on this motion for January 23, 2007. In addition, the court extended the fact discovery deadline to February 1, 2007 and set a new trial date of September 17, 2007.

Respectfully submitted,

A handwritten signature in cursive script, reading "Karen E. Keller".

Karen E. Keller (No. 4489)

KEK:cg

cc: Clerk of the Court (by CM/ECF and hand delivery)
Mark G. Matuschak, Esq. (by e-mail)
Michelle D. Miller, Esq. (by e-mail)
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