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January 3, 2005

BY HAND DELIVERY

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

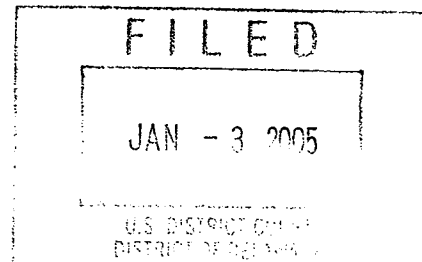
Re: Red Hat, Inc. v. The SCO Group, Inc.
Civil Action No. 03-772-SLR

Dear 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. submits this letter as an update to its previous letter, dated October 4, 2004. 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.*

As of October 4, 2004 when Red Hat submitted its last update, SCO's motion to dismiss, or in the alternative, stay IBM's counterclaim ten and IBM's motion for partial summary judgment on IBM's tenth counterclaim for a declaratory judgment of non-infringement of copyright were pending. Both motions remain under consideration.



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On October 14, 2004, SCO filed a motion for leave to file a third amended complaint. IBM filed an opposition to this motion on November 30, 2004. All of the briefs relating to this motion have been sealed.

On November 30, 2004, G2 Computer Intelligence, Inc. ("G2"), a publisher of IT industry publications, filed a motion to intervene and motion to unseal the court's file. G2 requests, pursuant to Federal Rule of Civil Procedure 24(b), that it be permitted to intervene, and that the stipulated protective order entered into by the parties on September 16, 2003 be vacated or modified to permit public disclosure of the court's sealed records. The basis for G2's motion is that the denial of the public's right to access the sealed pleadings not only violates the common law right of public access to judicial records, but also the public's First Amendment right to oversee their judicial system. As of the date of this letter, neither party has responded to G2's motion.

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

The Autozone case has been stayed since August 6, 2004, subject to a limited period of discovery relating to the issue of preliminary injunctive relief. This period of limited discovery ended December 13, 2004. The parties also entered into a protective order on October 29, 2004.

3. *SCO v. Novell, Inc.*

Since Red Hat's October 4, 2004 update letter, Novell has filed motion to dismiss the amended complaint. Novell makes two main arguments in its motion: (1) that it cannot be liable for slander of title because it has a legal privilege to make a good-faith assertion of a rival property claim and to protect; and (2) SCO cannot show that Novell acted with malice, which it asserts is a necessary element of an action of slander of title. The motion has been fully briefed, and a hearing has been scheduled for January 20, 2005.

4. *SCO v. DaimlerChrysler Corporation*

Since October 4, 2004, the court granted summary judgment to DaimlerChrysler on all of its claims with respect to the sufficiency of its certification, leaving only one claim challenging the timeliness of the certification. On November 17, 2004, SCO filed a Motion For Stay of Proceedings, asserting that this case should be stayed until the IBM case has been resolved because a ruling in the IBM case would "provide important guidance concerning the obligations of end users like [DaimlerChrysler] under the certification requirement at issue here." In its opposition, DaimlerChrysler argued that SCO has no basis for a stay primarily because the IBM case has no bearing on the timeliness issue. DaimlerChrysler explained in its opposition that SCO had essentially abandoned its prosecution of the case -- missing each deadline set by the court, failing to initiate discovery, failing to respond to DaimlerChrysler's discovery requests, and failing to file witness and exhibit lists per the court's amended scheduling order. The court heard oral argument on November 24, 2004 and denied SCO's motion to stay. On December 21, 2004, the court entered a Stipulated Order of Dismissal Without Prejudice. SCO has until January 11, 2005 to file a claim of appeal.

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In conclusion, the events in these related cases over the past 90 days -- most notably SCO's actions in the DaimlerChrysler case -- provide further evidence of SCO's litigation strategy of delaying for as long as possible resolution of the copyright claims that are at the heart of the pending lawsuits.

Respectfully submitted,



Josy W. Ingersoll

JWI:cg

cc: Clerk of the Court (by hand)

Jack B. Blumenfeld, Esquire (by hand)

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Mark G. Matuschak, Esquire (by facsimile)

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