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September 25, 2006

BY E-FILE

The Honorable Sue L. Robinson
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 June 26, 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.*

By an order by Magistrate Judge Wells dated June 28, 2006, the court granted in part IBM's motion to limit SCO's claims and held that SCO had willfully failed to comply with the court's orders and consequently prejudiced IBM. In its motion, IBM argued that SCO's disclosure of allegedly misused material failed to meet the level of specificity required by the court's orders by not providing version and file information. The court agreed, holding that although its orders did not explicitly request version and file information, "this information was inherent within [its] ordering of 'specific lines.'" Most important to the court, however, was the fact that SCO had itself sought this level of specificity from IBM in its discovery requests. As to its finding that SCO willfully failed to comply with the court's orders, the court stated:

... SCO has had ample opportunity to articulate, identify and substantiate its claims against IBM. ... In the view of the court it is almost like SCO sought to hide its case until the ninth inning in hopes of gaining an unfair advantage despite being repeatedly told to put 'all evidence ... on the table.'

SCO submitted its sealed objections to this order on July 13, 2006 and IBM filed its reply on September 6, 2006. A hearing has been scheduled for October 24, 2006.

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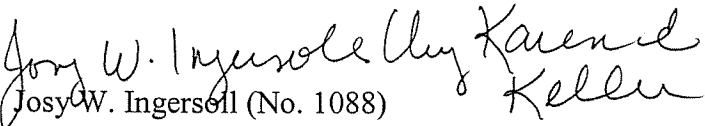

2. *SCO Group, Inc. v. AutoZone, Inc.*

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

3. *SCO v. Novell, Inc.*

On July 17, 2006, the court heard arguments on Novell's motion to stay claims raising issues subject to arbitration in which Novell sought a stay of all claims at issue, including claims relating to the Asset Purchase Agreement ("APA") and Technology License Agreement ("TLA") entered into by SCO and Novell, and claims that Novell's distribution of SuSE Linux infringes SCO's alleged UNIX copyrights. In a subsequent order dated August 21, 2006, the court granted Novell's request to stay the SuSE claims pending arbitration between SuSE and SCO, but denied the motion with respect to the claims relating to APA and TLA, which it concluded were distinct enough from the SuSE claims. Accordingly, the parties were ordered to prepare this case for trial as to the non-arbitrable claims. Separately, Novell's counsel informed the court at the same hearing that its motion for a more definite statement of SCO's unfair competition cause of action is moot as plaintiffs will be amending its complaint.

Respectfully submitted,


Josy W. Ingersoll (No. 1088) 

JWI:cg

cc: Clerk of the Court (by CM/ECF and hand delivery)
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