

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
The SCO Group, Inc., <u>et al.</u> ,)	
)	Case No. 07-11337 (KG)
Debtors.)	(Jointly Administered)

**DECLARATION OF DAVID E. MELAUGH IN SUPPORT OF
NOVELL, INC.'S REPLY TO DEBTORS' RESPONSE TO MOTION FOR RELIEF
FROM AUTOMATIC STAY TO PROCEED WITH DISTRICT COURT ACTION TO
(I) APPORTION REVENUE FROM SCOSOURCE LICENSES AND (II) DETERMINE
SCO'S AUTHORITY TO ENTER INTO SCOSOURCE LICENSES, ETC.**

David E. Melaugh, being duly sworn, deposes and states the following:

1. I am an attorney duly licensed to practice law in the State of California and a associate in the law firm of Morrison & Foerster LLP, counsel of record for Defendant and Counterclaim-Plaintiff Novell, Inc. ("Novell") in *SCO v. Novell*, Case No. 04-0139 (DAK), pending in the District of Utah ("SCO Litigation"). An Order granting my admission to practice before this Court *pro hac vice*, was signed and entered on September 25, 2007.

2. I submit this declaration in support of Novell's Reply to Debtors' Response to Motion for Relief From Automatic Stay to Proceed With District Court Action to (I) Apportion Revenue From SCOSource Licenses and (II) Determine SCO's Authority to Enter Into SCOSource Licenses, Etc. The facts averred to below are from my personal knowledge and my investigation.

3. SCO filed its voluntary chapter 11 petition on Friday, September 14, 2007. The SCO Litigation trial was set to commence at 8:30 a.m. on Monday, September 17, 2007. Because trial was only a weekend away, the parties had completed many aspects of the case:

(a) All discovery had closed.

(b) All depositions had completed.

(c) The parties exchanged witness lists.

(d) The parties finalized their exhibit lists and exchanged stamped copies of the trial exhibits.

(e) Novell filed its pretrial brief; SCO was expected to do the same on September 14.

(f) Novell witnesses traveled to Utah. Considerable witness preparation had taken place.

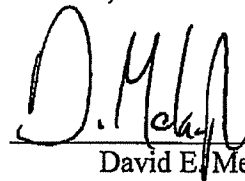
(g) Novell had prepared its opening, closing, and witness examination outlines.

4. The trial was expected to last four to five days, proceeding before the bench. Judge Kimball runs a reduced trial day, from 8:30 a.m. to 1:30 p.m.

5. At trial, the Court was set to apportion approximately \$27 million in licensing revenue between SCO and Novell. In addition, Novell intended to seek prejudgment interest, up to approximately \$12 million. Novell also intended to seek a portion of its attorneys fees pursuant to 17 U.S.C. § 505, which permits recovery of fees in copyright actions.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 31st day of October, 2007 in San Francisco, California



David E. Melaugh