

Novell, Inc.
Consolidated Unaudited Condensed Statements of Income
(In thousands, except per share data)

	Fiscal Quarter Ended	
	Jan 31, 2002	Jan 31, 2001
Net sales	\$ 271,063	\$ 245,035
Cost of sales	110,773	66,954
Gross profit	160,290	178,081
Operating expenses		
Sales and marketing	87,366	121,419
Product development	41,123	46,846
General and administrative	30,325	23,100
Total operating expenses	158,814	191,365
Income (loss) from operations	1,476	(13,284)
Other income (expense), net	10,454	17,831
Income (loss) before taxes	11,930	4,547
Income tax expense (benefit)	3,579	1,273
Net income (loss) before accounting change	8,351	3,274
Cumulative effect of accounting change, net of tax	-	(11,048)
NET INCOME (LOSS)	\$ 8,351	\$ (7,774)
Net income (loss) per share:		
Basic		
Before cumulative effect of accounting change	\$ 0.02	\$ 0.01
Cumulative effect of accounting change	-	(0.03)
	\$ 0.02	\$ (0.02)
Diluted		
Before cumulative effect of accounting change	\$ 0.02	\$ 0.01
Cumulative effect of accounting change	-	(0.03)
	\$ 0.02	\$ (0.02)
Weighted average shares:		
Basic	362,428	322,183
Diluted	362,970	322,183

Novell, Inc.
Consolidated Unaudited Condensed Balance Sheets
(In thousands)

ASSETS	<u>Jan 31, 2002</u>	<u>Oct 31, 2001</u>
Current assets		
Cash and short-term investments	\$ 735,519	\$ 705,243
Receivables, net *	159,086	227,044
Inventories	1,079	947
Prepaid expenses	27,063	29,808
Deferred & refundable income taxes	34,316	34,595
Other current assets	<u>22,592</u>	<u>29,729</u>
Total current assets	979,655	1,027,366
Property, plant and equipment, net	470,148	496,620
Goodwill and intangible assets	195,223	192,016
Long-term investments	112,533	114,971
Other assets	<u>73,700</u>	<u>73,033</u>
Total assets	<u>\$ 1,831,259</u>	<u>\$ 1,904,006</u>
 LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 57,069	\$ 77,571
Accrued compensation	88,805	87,382
Accrued marketing liabilities	13,091	13,672
Other accrued liabilities	102,411	150,842
Income taxes payable	37,734	38,175
Deferred revenue	<u>227,039</u>	<u>243,261</u>
Total current liabilities	526,149	610,903
Minority interests	21,395	22,436
Shareholders' equity	<u>1,283,715</u>	<u>1,270,667</u>
Total liabilities and shareholders' equity	<u>\$ 1,831,259</u>	<u>\$ 1,904,006</u>

* Receivables, net include trade receivables less allowances. All other non-trade receivables are included in other current assets.

NOVELL, INC.
Segment Income Statement Information
(in thousands of dollars)

Quarter Ended January 31, 2002

	Product	%	Consulting	%	Volera	%	Total Novell	%
Net sales	\$ 199,257	100.0	\$ 69,671	100.0	\$ 2,135	100.0	\$ 271,063	100.0
Cost of sales	37,169	18.7	72,695	104.3	909	42.6	110,773	40.9
Gross profit	162,088	81.3	(3,024)	(4.3)	1,226	57.4	160,290	59.1
Segment operating expenses *	122,725	61.6	27,273	39.1	7,125	333.7	157,123	58.0
Segment income (loss) from operations	\$ 39,363	19.8	\$ (30,297)	(43.5)	\$ (5,899)	(276.3)	\$ 3,167	1.2
Unallocated operating expenses								
Restructuring							-	-
Integration							1,691	0.6
Total unallocated operating expenses							1,691	0.6
Income (loss) from operations							\$ 1,476	0.5

* Segment operating expenses include direct segment costs along with management's allocation of certain common sales, marketing, and general and administrative costs to each business segment.

Quarter Ended October 31, 2001

	Product	%	Consulting	%	Volera	%	Total Novell	%
Net sales	\$ 215,004	100.0	\$ 90,419	100.0	\$ 2,187	100.0	\$ 307,610	100.0
Cost of sales	39,345	18.3	79,206	87.6	1,516	69.3	120,067	39.0
Gross profit	175,659	81.7	11,213	12.4	671	30.7	187,543	61.0
Segment operating expenses *	141,817	66.0	32,539	36.0	10,711	489.8	185,067	60.2
Segment income (loss) from operations	\$ 33,842	15.7	\$ (21,326)	(23.6)	\$ (10,040)	(459.1)	\$ 2,476	0.8
Unallocated operating expenses								
Restructuring							49,785	16.2
Integration							4,661	1.5
Total unallocated operating expenses							54,446	17.7
Income (loss) from operations							\$ (51,970)	(16.9)

* Segment operating expenses include direct segment costs along with management's allocation of certain common sales, marketing, and general and administrative costs to each business segment.

Novell, Inc.
Consolidated Unaudited Condensed Statements of Income
(In thousands, except per share data)

	<u>Q1 2002</u>	<u>%</u>	<u>Q4 2001</u>	<u>%</u>	<u>Change</u>	<u>% Change</u>
Net sales	\$ 271,063	100.0	\$ 307,610	100.0	\$ (36,547)	(11.9)
Cost of sales	110,773	40.9	120,067	39.0	(9,294)	(7.7)
Gross profit	160,290	59.1	187,543	61.0	(27,253)	(14.5)
Operating expenses						
Sales and marketing	87,366	32.2	105,493	34.3	(18,127)	(17.2)
Product development	41,123	15.2	44,321	14.4	(3,198)	(7.2)
General and administrative	30,325	11.2	39,914	13.0	(9,589)	(24.0)
Restructuring	-	0.0	49,785	16.2	(49,785)	(100.0)
Total operating expenses	158,814	58.6	239,513	77.9	(80,699)	(33.7)
Income (loss) from operations	1,476	0.5	(51,970)	(16.9)	53,446	102.8
Other income (expense), net	10,454	3.9	(52,099)	(16.9)	62,553	120.1
Income (loss) before taxes	11,930	4.4	(104,069)	(33.8)	115,999	111.5
Income tax expense (benefit)	3,579	1.3	(9,558)	(3.1)	13,137	137.4
NET INCOME (LOSS)	\$ 8,351	3.1	\$ (94,511)	(30.7)	\$ 102,862	108.8
Net income (loss) per share:						
Basic	\$ 0.02		\$ (0.26)		\$ 0.28	108.8
Diluted	\$ 0.02		\$ (0.26)		\$ 0.28	108.8
Weighted average shares:						
Basic	362,428		361,587			
Diluted	<u>362,970</u>		<u>361,587</u>			

Novell, Inc.
Consolidated Unaudited Condensed Statements of Income
(In thousands, except per share data)

	Q1 2002	%	Q1 2001	%	Change	% Change
Net sales	\$ 271,063	100.0	\$ 245,035	100.0	\$ 26,028	10.6
Cost of sales	110,773	40.9	66,954	27.3	43,819	65.4
Gross profit	160,290	59.1	178,081	72.7	(17,791)	(10.0)
Operating expenses						
Sales and marketing	87,366	32.2	121,419	49.6	(34,053)	(28.0)
Product development	41,123	15.2	46,846	19.1	(5,723)	(12.2)
General and administrative	30,325	11.2	23,100	9.4	7,225	31.3
Total operating expenses	158,814	58.6	191,365	78.1	(32,551)	(17.0)
Income (loss) from operations	1,476	0.5	(13,284)	(5.4)	14,760	111.1
Other income (expense), net	10,454	3.9	17,831	7.3	(7,377)	(41.4)
Income (loss) before taxes	11,930	4.4	4,547	1.9	7,383	162.4
Income tax expense (benefit)	3,579	1.3	1,273	0.5	2,306	181.1
Net income (loss) before accounting change	8,351	3.1	3,274	1.3	5,077	155.1
Cumulative effect of accounting change, net of tax	-	0.0	(11,048)	(4.5)	11,048	0.0
NET INCOME (LOSS)	\$ 8,351	3.1	\$ (7,774)	(3.2)	\$ 16,125	207.4
Net income (loss) per share:						
Basic						
Before cumulative effect of accounting change	\$ 0.02		\$ 0.01		\$ 0.01	126.7
Cumulative effect of accounting change	-		(0.03)		0.03	-
	\$ 0.02		\$ (0.02)		\$ 0.04	154.1
Diluted						
Before cumulative effect of accounting change	\$ 0.02		\$ 0.01		\$ 0.01	126.4
Cumulative effect of accounting change	-		(0.03)		0.03	-
	\$ 0.02		\$ (0.02)		\$ 0.04	153.9
Weighted average shares:						
Basic	362,428		322,183			
Diluted	362,970		322,183			

NOVELL, INC.
Consolidated Unaudited Condensed Income Statements
Trailing Four Quarters
(in thousands, except per share data)

	<u>Q2 2001</u>	<u>%</u>	<u>Q3 2001</u>	<u>%</u>	<u>Q4 2001</u>	<u>%</u>	<u>Q1 2002</u>	<u>%</u>	<u>Last four quarters</u>	<u>%</u>
Net sales	\$ 240,755	100.0	\$ 246,697	100.0	\$ 307,610	100.0	\$ 271,063	100.0	\$ 1,066,125	100.0
Cost of sales	67,125	27.9	73,789	29.9	120,067	39.0	110,773	40.9	371,754	34.9
Gross profit	173,630	72.1	172,908	70.1	187,543	61.0	160,290	59.1	694,371	65.1
Operating expenses										
Sales and marketing	116,903	48.6	100,013	40.5	105,493	34.3	87,366	32.2	409,775	38.4
Product development	52,566	21.8	47,976	19.4	44,321	14.4	41,123	15.2	185,986	17.4
General and administrative	26,146	10.9	28,101	11.4	39,914	13.0	30,325	11.2	124,486	11.7
Restructuring	-	0.0	30,392	12.3	49,785	16.2	-	0.0	80,177	7.5
Total operating expenses	195,615	81.3	206,482	83.7	239,513	77.9	158,814	58.6	800,424	75.1
Income (loss) from operations	(21,985)	(9.1)	(33,574)	(13.6)	(51,970)	(16.9)	1,476	0.5	(106,053)	(9.9)
Other income (expense)										
Investment income	(130,633)	(54.3)	8,636	3.5	(49,862)	(16.2)	2,608	1.0	(169,251)	(15.9)
Other, net	(1,558)	(0.6)	1,870	0.8	(2,237)	(0.7)	7,846	2.9	5,921	0.6
Other income, net	(132,191)	(54.9)	10,506	4.3	(52,099)	(16.9)	10,454	3.9	(163,330)	(15.3)
Income before taxes	(154,176)	(64.0)	(23,068)	(9.4)	(104,069)	(33.8)	11,930	4.4	(269,383)	(25.3)
Income taxes	(2,865)	(1.2)	(3,794)	(1.5)	(9,558)	(3.1)	3,579	1.3	(12,638)	(1.2)
NET INCOME (LOSS)	\$ (151,311)	(62.8)	\$ (19,274)	(7.8)	\$ (94,511)	(30.7)	\$ 8,351	3.1	\$ (256,745)	(24.1)
Net income (loss) per share:										
Basic	\$ (0.48)		\$ (0.06)		\$ (0.26)		\$ 0.02		\$ (0.75)	
Diluted	<u>\$ (0.48)</u>		<u>\$ (0.06)</u>		<u>\$ (0.26)</u>		<u>\$ 0.02</u>		<u>\$ (0.75)</u>	
Weighted average shares:										
Basic	317,873		328,683		361,587		362,428		342,643	
Diluted	<u>317,873</u>		<u>328,683</u>		<u>361,587</u>		<u>362,970</u>		<u>342,643</u>	

Novell, Inc.
Product Category, Business Category & Geography Revenue
(In thousands)

	<u>Q1 2002</u>	<u>%</u>	<u>Q4 2001</u>	<u>%</u>	<u>Change</u>	<u>% Change</u>
Revenue by Segment						
Product Segment						
Directory-Enabled OS	\$ 92,660	34.2	\$ 101,554	33.0	\$ (8,894)	(8.8)
Management / Collaboration	53,108	19.6	59,324	19.3	(6,216)	(10.5)
UNIX / Other	7,946	2.9	8,643	2.8	(697)	(8.1)
Net Management Services	<u>153,714</u>	<u>56.7</u>	<u>169,521</u>	<u>55.1</u>	<u>(15,807)</u>	<u>(9.3)</u>
Net Directory Services	11,324	4.2	10,782	3.5	542	5.0
Customer Service & Education	<u>34,219</u>	<u>12.6</u>	<u>34,701</u>	<u>11.3</u>	<u>(482)</u>	<u>(1.4)</u>
Total Product Segment	199,257	73.5	215,004	69.9	(15,747)	(7.3)
Total Volera, Inc. Segment	2,135	0.8	2,187	0.7	(52)	(2.4)
Consulting Segment						
IT Services Consulting	44,314	16.4	65,457	21.3	(21,143)	(32.3)
Celerant Management Consulting	<u>25,357</u>	<u>9.3</u>	<u>24,962</u>	<u>8.1</u>	<u>395</u>	<u>1.6</u>
Total Consulting Segment	69,671	25.7	90,419	29.4	(20,748)	(22.9)
Total Net Revenue	<u>\$ 271,063</u>	<u>100.0</u>	<u>\$ 307,610</u>	<u>100.0</u>	<u>\$ (36,547)</u>	<u>(11.9)</u>

	<u>Q1 2002</u>	<u>%</u>	<u>Q4 2001</u>	<u>%</u>	<u>Change</u>	<u>% Change</u>
Revenue by Business Category						
Large Network Software Site-Licenses*	\$ 162,036	59.8	\$ 179,156	58.2	\$ (17,120)	(9.6)
OEM Royalties	6,773	2.5	6,102	2.0	671	11.0
Packaged Software Licenses	27,112	10.0	29,741	9.7	(2,629)	(8.8)
Consulting & Support Services**	<u>75,142</u>	<u>27.7</u>	<u>92,611</u>	<u>30.1</u>	<u>(17,469)</u>	<u>(18.9)</u>
Total Net Revenue	<u>\$ 271,063</u>	<u>100.0</u>	<u>\$ 307,610</u>	<u>100.0</u>	<u>\$ (36,547)</u>	<u>(11.9)</u>

* Novell's multi-product license programs, Master License Agreement, Corporate License Agreement

** Revenue from IT services, support services and education materials independent of site-licenses

	<u>Q1 2002</u>	<u>%</u>	<u>Q4 2001</u>	<u>%</u>	<u>Change</u>	<u>% Change</u>
Revenue by Geography						
U.S.	\$ 143,529	53.0	\$ 169,937	55.2	\$ (26,408)	(15.5)
Europe, Middle East & Africa	95,216	35.1	96,931	31.5	(1,715)	(1.8)
Asia Pacific	19,023	7.0	23,969	7.8	(4,946)	(20.6)
Latin America	3,138	1.2	7,592	2.5	(4,454)	(58.7)
Canada	<u>10,157</u>	<u>3.7</u>	<u>9,181</u>	<u>3.0</u>	<u>976</u>	<u>10.6</u>
Total Net Revenue	<u>\$ 271,063</u>	<u>100.0</u>	<u>\$ 307,610</u>	<u>100.0</u>	<u>\$ (36,547)</u>	<u>(11.9)</u>

Novell, Inc.
Product Category, Business Category & Geography Revenue
(In thousands)

	<u>Q1 2002</u>	<u>%</u>	<u>Q1 2001</u>	<u>%</u>	<u>Change</u>	<u>% Change</u>
Revenue by Segment						
Product Segment						
Directory-Enabled OS	\$ 92,660	34.2	\$ 113,529	46.3	\$ (20,869)	(18.4)
Management / Collaboration	53,108	19.6	64,062	26.1	(10,954)	(17.1)
UNIX / Other	7,946	2.9	9,269	3.8	(1,323)	(14.3)
Net Management Services	153,714	56.7	186,860	76.2	(33,146)	(17.7)
Net Directory Services	11,324	4.2	7,632	3.1	3,692	48.4
Customer Service & Education	34,219	12.6	35,611	14.6	(1,392)	(3.9)
Total Product Segment	199,257	73.5	230,103	93.9	(30,846)	(13.4)
Total Volera, Inc. Segment	2,135	0.8	1,858	0.8	277	14.9
Consulting Segment						
IT Services Consulting *	44,314	16.4	13,074	5.3	31,240	238.9
Celerant Management Consulting *	25,357	9.3	-	-	25,357	-
Total Consulting Segment	69,671	25.7	13,074	5.3	56,597	432.9
Total Net Revenue	\$ 271,063	100.0	\$ 245,035	100.0	\$ 26,028	10.6

* Cambridge Technology Partners and its subsidiary Celerant Consulting were acquired July 10, 2001. Revenue from Cambridge IT services and Celerant management consulting has been included from July 10, 2001 forward.

	<u>Q1 2002</u>	<u>%</u>	<u>Q1 2001</u>	<u>%</u>	<u>Change</u>	<u>% Change</u>
Revenue by Business Category						
Large Network Software Site-Licenses*	\$ 162,036	59.8	\$ 165,188	67.4	\$ (3,152)	(1.9)
OEM Royalties	6,773	2.5	16,056	6.6	(9,283)	(57.8)
Packaged Software Licenses	27,112	10.0	45,071	18.4	(17,959)	(39.8)
Consulting & Support Services**	75,142	27.7	18,720	7.6	56,422	301.4
Total Net Revenue	\$ 271,063	100.0	\$ 245,035	100.0	\$ 26,028	10.6

* Novell's multi-product license programs, Master License Agreement, Corporate License Agreement

** Revenue from IT services, support services and education materials independent of site-licenses

	<u>Q1 2002</u>	<u>%</u>	<u>Q1 2001</u>	<u>%</u>	<u>Change</u>	<u>Change</u>
Revenue by Geography						
U.S.	\$ 143,529	53.0	\$ 138,668	56.6	\$ 4,861	3.5
Europe, Middle East & Africa	95,216	35.1	70,275	28.7	24,941	35.5
Asia Pacific	19,023	7.0	20,641	8.4	(1,618)	(7.8)
Latin America	3,138	1.2	6,454	2.6	(3,316)	(51.4)
Canada	10,157	3.7	8,997	3.7	1,160	12.9
Total Net Revenue	\$ 271,063	100.0	\$ 245,035	100.0	\$ 26,028	10.6

Novell, Inc.
Product Category, Business Category & Geography Revenue
Trailing Four Quarters
(In thousands)

	Q2 2001	%	Q3 2001	%	Q4 2001	%	Q1 2002	%	Last Four Quarters	%
Revenue by Segment										
Product Segment										
Directory-Enabled OS	\$ 105,149	43.7	\$ 103,147	41.7	\$ 101,554	33.0	\$ 92,660	34.2	\$ 402,510	37.7
Management / Collaboration	64,889	26.9	57,165	23.3	59,324	19.3	53,108	19.6	234,486	22.0
UNIX / Other	10,853	4.5	9,914	4.0	8,643	2.8	7,946	2.9	37,356	3.5
Net Management Services	180,891	75.1	170,226	69.0	169,521	55.1	153,714	56.7	674,352	63.2
Net Directory Services	7,983	3.3	4,854	2.0	10,782	3.5	11,324	4.2	34,943	3.3
Customer Service & Education	35,340	14.7	34,670	14.1	34,701	11.3	34,219	12.6	138,930	13.1
Total Product Segment	224,214	93.1	209,750	85.1	215,004	69.9	199,257	73.5	848,225	79.6
Total Volera, Inc. Segment	1,850	0.8	2,225	0.9	2,187	0.7	2,135	0.8	8,397	0.8
Consulting Segment										
IT Services Consulting *	14,691	6.1	26,287	10.6	65,457	21.3	44,314	16.4	150,749	14.1
Celerant Management Consulting *	-	-	8,435	3.4	24,962	8.1	25,357	9.3	58,754	5.5
Total Consulting Segment	14,691	6.1	34,722	14.0	90,419	29.4	69,671	25.7	209,503	19.6
Total Net Revenue	\$ 240,755	100.0	\$ 246,697	100.0	\$ 307,610	100.0	\$ 271,063	100.0	\$ 1,066,125	100.0

* Cambridge Technology Partners and its subsidiary Celerant Consulting were acquired July 10, 2001. Revenue from Cambridge IT services and Celerant management consulting has been included from July 10, 2001 forward.

	Q2 2001	%	Q3 2001	%	Q4 2001	%	Q1 2002	%	Quarters	%
Revenue by Business Category										
Large Network Software Site-Licenses*	\$ 172,910	71.8	\$ 167,178	67.8	\$ 179,156	58.2	\$ 162,036	59.8	\$ 681,280	63.9
OEM Royalties	15,595	6.5	8,096	3.3	6,102	2.0	6,773	2.5	36,566	3.4
Packaged Software Licenses	35,750	14.8	32,673	13.2	29,741	9.7	27,112	10.0	\$ 125,276	11.8
Consulting & Support Services**	16,500	6.9	38,750	15.7	92,611	30.1	75,142	27.7	223,003	20.9
Total Net Revenue	\$ 240,755	100.0	\$ 246,697	100.0	\$ 307,610	100.0	\$ 271,063	100.0	\$ 1,066,125	100.0

* Novell's multi-product license programs, Master License Agreement, Corporate License Agreement

** Revenue from IT services, support services and education materials independent of site-licenses

	Q2 2001	%	Q3 2001	%	Q4 2001	%	Q1 2002	%	Quarters	%
Revenue by Geography										
U.S.	\$ 132,780	55.2	\$ 139,518	56.6	\$ 169,937	55.2	\$ 143,529	53.0	\$ 585,764	54.9
Europe, Middle East & Africa	71,047	29.5	74,622	30.2	96,931	31.5	95,216	35.1	337,816	31.7
Asia Pacific	21,281	8.8	16,465	6.7	23,969	7.8	19,023	7.0	80,738	7.6
Latin America	6,342	2.6	7,102	2.9	7,592	2.5	3,138	1.2	24,174	2.3
Canada	9,305	3.9	8,990	3.6	9,181	3.0	10,157	3.7	37,633	3.5
Total Net Revenue	\$ 240,755	100.0	\$ 246,697	100.0	\$ 307,610	100.0	\$ 271,063	100.0	\$ 1,066,125	100.0