

FOR IMMEDIATE RELEASE

Nov. 20, 2003

Novell Reports Fourth Quarter and Full Year Fiscal 2003 Results

- *Novell continues its transition to Linux and returns to operating profitability.*
- *Company records non-recurring charges of \$130 million, including writedowns of net deferred tax assets, long-term investments and intangible assets, and restructuring charges.*

PROVO, Utah – Nov. 20, 2003 – Novell, Inc. (NASDAQ:NOVL) today announced financial results for its fourth fiscal quarter ended Oct 31, 2003. For the quarter, Novell reported revenues of \$287 million, compared to revenues of \$300 million for the fourth fiscal quarter 2002, and \$283 million for the third fiscal quarter 2003. Net loss in the fourth fiscal quarter 2003 was \$109 million, or \$0.29 loss per share, including \$130 million in non-recurring charges, principally to increase a valuation allowance for net deferred tax assets. This compared to a net loss of \$92 million, or \$0.25 loss per share, for the fourth fiscal quarter 2002.

For Novell's full year fiscal 2003, the company reported revenues of \$1.1 billion and a net loss of \$162 million, or \$0.44 loss per share. Comparatively, revenues for the full year fiscal 2002 were \$1.1 billion and a net loss of \$247 million, or \$0.68 loss per share.

On a non-GAAP basis, adjusted net income for the fourth fiscal quarter 2003 was \$19 million, or \$0.05 per share, which excludes a \$119 million non-cash charge to increase a valuation allowance for net deferred tax assets that is further explained below, an \$8 million restructuring charge, \$3 million of charges related to the Ximian acquisition and impaired investments, and the related tax effects of these items. This compares to non-GAAP adjusted net income for the fourth quarter 2002 of \$15 million, or \$0.04 per share, which excludes \$109 million in non-cash charges from the write-down of impaired real estate assets and venture investments. Full details on Novell's reported results, including a reconciliation of the non-GAAP adjusted results, are included in the financial schedules that are a part of this release.

“We are pleased with the progress on operating profitability levels that we achieved in this quarter.

Additionally, in our fourth quarter, we continued advancing toward many of the strategic goals we laid out at the beginning of our 2003 fiscal year,” said Jack L. Messman, Novell chairman, president and chief executive officer. “Building value for our shareholders has been a top priority for Novell during 2003. We feel that we are poised to enter fiscal year 2004 with a better positioned company in the marketplace.”

Novell has recently made two strategic moves to strengthen its products and services for the Linux platform. In August, Novell acquired Ximian, the leading provider of desktop and server solutions that enable enterprise Linux adoption. Shortly after the close of the fourth quarter, Novell agreed to acquire SUSE LINUX, one of the world's leading suppliers of Linux software and services.

“Having taken important steps with both Ximian and SUSE LINUX, we feel that the open source movement can be brought into the mainstream more expeditiously and with greater momentum,” Messman said. “The customer can be reassured that mission-critical applications can indeed run on the Linux platform, reinforced by a worldwide technical support organization. We are responding to our customers, giving them the lower costs, flexibility and choice they have repeatedly told us they want.”

On the balance sheet, cash and short-term investments were \$752 million at the end of the fourth fiscal quarter 2003, compared with \$636 million a year ago. Cash flow from operations during the fourth fiscal quarter 2003 was \$53 million. For the full year fiscal year 2003, cash flow from operations was \$55 million. Days sales outstanding (DSO) in accounts receivable was 74 days at the end of the fourth fiscal quarter 2003, up from 70 days in the prior quarter. Deferred revenues were \$322 million at the end of the fourth fiscal quarter 2003, up 17% percent year-over-year.

Non-cash valuation allowance for deferred tax assets

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 109, “Accounting for Income Taxes,” in the fourth fiscal quarter 2003, the company provided a full valuation allowance against net deferred tax assets carried on its balance sheet. SFAS No. 109 requires an assessment of a company's current and previous performance and other relevant factors when determining the need for such a valuation allowance. Under this pronouncement, factors such as current and previous operating losses are given greater weight than the outlook for future profitability in determining deferred tax asset carrying value. This adjustment will have no impact on the company's cash flow or future prospects, nor does it alter the company's ability to utilize the underlying tax net operating loss and credit carryforwards in the future.

A summary of Novell's vision, mission and strategy can be accessed on the Novell Web site at: www.novell.com/company/ir/qresults.

Conference call notification and Web access detail

A live Webcast of a Novell conference call to discuss the quarter with financial analysts will be broadcast at 5 PM EST November 20, 2003, from Novell's Investor Relations Web page:

<http://www.novell.com/company/ir/qresults/>. The domestic conference call dial in number is 888-323-5254, password "Novell", and the international dial in number is +1-773-756-4625, password "Novell". Until December 3, an audio replay of the call will be available from the same page. A telephone replay of the conference call will be available after 7:30 PM EST November 20, through December 3, at 888-568-0698. The international replay number is +1-402-998-1472. A copy of this press release is posted on Novell's Web site at: <http://www.novell.com/company/ir/qresults/>.

Legal notice regarding forward looking statements

This press release includes statements that are not historical in nature and that may be characterized as "forward-looking statements," including those related to future financial and operating results, benefits and synergies of the company's brands and strategies, future opportunities and the growth of the market for open source solutions. You should be aware that Novell's actual results could differ materially from those contained in the forward-looking statements, which are based on current expectations of Novell management and are subject to a number of risks and uncertainties, including, but not limited to, Novell's ability to integrate acquired operations and employees, Novell's success in executing its Linux strategies, Novell's ability to deliver on its one Net vision of the Internet, Novell's ability to take a competitive position in the Linux industry, business conditions and the general economy, market opportunities, potential new business strategies, competitive factors, sales and marketing execution, shifts in technologies or market demand and the other factors described in Novell's Annual Report on Form 10-K for the 2002 fiscal year. Novell disclaims any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this press release.

About Novell

Novell, Inc. is a leading provider of information solutions that deliver secure identity management (Novell® Nsure™), Web application development (Novell exteNd™) and cross-platform networking services (Novell Nterprise™), all supported by strategic consulting and professional services (Novell NgageSM). When the acquisition of SUSE LINUX is completed, Novell will expand its open source commitment and become the first to offer comprehensive Linux products and services for the enterprise from the desktop to the server. Novell's vision of one Net – a world without information boundaries – helps customers realize the value of their information securely and economically. For more information, call Novell's Customer Response Center at (888) 321-4CRC (4272) or visit <http://www.novell.com>. Press should visit <http://www.novell.com/pressroom>.

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

	Fiscal Quarter		Fiscal Year	
	Oct 31, 2003	Oct 31, 2002	Oct 31, 2003	Oct 31, 2002
Net revenue				
New software licenses	\$ 70,498	\$ 94,301	\$ 265,256	\$ 319,281
Maintenance and services	216,251	206,034	840,240	815,039
Total net revenue	286,749	300,335	1,105,496	1,134,320
Cost of revenue				
New software licenses	5,140	9,464	22,210	31,175
Maintenance and services	96,197	99,735	392,939	418,243
Total cost of revenue	101,337	109,199	415,149	449,418
Gross profit	185,412	191,136	690,347	684,902
Operating expenses				
Sales and marketing	88,314	94,552	380,826	358,742
Product development	44,304	48,801	183,758	169,247
General and administrative	24,300	31,642	110,963	122,588
Restructuring	8,042	-	43,067	19,100
Purchased in process R&D	920	-	920	3,000
Impairments	-	80,350	-	80,350
Total operating expenses	165,880	255,345	719,534	753,027
Income (loss) from operations	19,532	(64,209)	(29,187)	(68,125)
Other income (expense), net	(3,442)	(23,402)	(25,823)	(24,100)
Income (loss) before taxes	16,090	(87,611)	(55,010)	(92,225)
Income tax expense (benefit)	125,094	4,061	106,894	10,896
Income (loss) before accounting change	(109,004)	(91,672)	(161,904)	(103,121)
Cumulative effect of accounting change	-	-	-	(143,702)
Net income (loss)	\$ (109,004)	\$ (91,672)	\$ (161,904)	\$ (246,823)
Net income (loss) per share:				
Basic				
Before cumulative effect of accounting change	\$ (0.29)	\$ (0.25)	\$ (0.44)	\$ (0.28)
Cumulative effect of accounting change	-	-	-	(0.40)
Basic	<u>\$ (0.29)</u>	<u>\$ (0.25)</u>	<u>\$ (0.44)</u>	<u>\$ (0.68)</u>
Diluted				
Before cumulative effect of accounting change	\$ (0.29)	\$ (0.25)	\$ (0.44)	\$ (0.28)
Cumulative effect of accounting change	-	-	-	(0.40)
Diluted	<u>\$ (0.29)</u>	<u>\$ (0.25)</u>	<u>\$ (0.44)</u>	<u>\$ (0.68)</u>
Weighted average shares:				
Basic	373,876	364,884	370,545	363,569
Diluted	373,876	364,884	370,545	363,569

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

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

ASSETS	<u>Oct 31, 2003</u>	<u>Oct 31, 2002</u>
Current assets		
Cash and short-term investments	\$ 751,852	\$ 635,858
Receivables, net	232,492	214,827
Prepaid expenses	23,005	24,077
Deferred income taxes	-	21,204
Other current assets	23,204	23,572
Total current assets	<u>1,030,553</u>	<u>919,538</u>
Property, plant and equipment, net	255,526	369,189
Goodwill	213,300	179,534
Intangible assets	10,800	36,351
Long-term investments	50,948	73,452
Deferred income taxes	-	74,323
Other assets	6,526	12,678
Total assets	<u>\$ 1,567,653</u>	<u>\$ 1,665,065</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 50,258	\$ 57,241
Accrued compensation	101,164	87,778
Other accrued liabilities	117,073	134,850
Income taxes payable	35,493	36,294
Deferred revenue	322,470	275,344
Total current liabilities	<u>626,458</u>	<u>591,507</u>
Minority interests	6,725	8,016
Stockholders' equity	<u>934,470</u>	<u>1,065,542</u>
Total liabilities and stockholders' equity	<u>\$ 1,567,653</u>	<u>\$ 1,665,065</u>

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

Novell, Inc.
Consolidated Unaudited Condensed Statements of Cashflows
(In thousands)

	Fiscal Quarter		Fiscal Year	
	Oct 31, 2003	Oct 31, 2002	Oct 31, 2003	Oct 31, 2002
Cash flows from operating activities				
Net income	\$ (109,004)	\$ (91,672)	\$ (161,904)	\$ (246,823)
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Gain on sale of fixed assets	-	-	(25,299)	(8,762)
Depreciation and amortization	11,884	19,610	61,058	68,785
Loss on impaired goodwill and intangibles, net of tax	-	-	13,935	143,702
Loss on impaired investments and fixed assets	2,172	108,083	34,735	137,922
Non-cash restructuring charges	8,042	-	31,268	16,426
In-process R&D expense	920	-	920	3,000
Changes in assets and liabilities	138,982	(3,149)	100,293	(62,776)
Net cash provided by operating activities	52,996	32,872	55,006	51,474
Cash flows from financing activities:				
Issuance of common stock, net	12,276	6,325	20,081	13,186
Net cash provided by financing activities	12,276	6,325	20,081	13,186
Cash flows from investing activities:				
Expenditures for property, plant and equipment	(8,863)	(8,934)	(39,468)	(27,610)
Proceeds from the sale of property, plant and equipment	-	-	125,000	16,050
Short-term investment activity	(96,630)	49,795	(213,870)	191,279
Silverstream acquisition	-	(414)	-	(102,975)
Ximian acquisition	(40,205)	-	(40,205)	-
Other	(3,319)	(4,507)	(3,599)	(15,344)
Net cash (used)/provided by investing activities	(149,017)	35,940	(172,142)	61,400
(Decrease) increase in cash and cash equivalents	(83,745)	75,137	(97,055)	126,060
Cash and cash equivalents - beginning of period	450,677	388,850	463,987	337,927
Cash and cash equivalents - end of period	366,932	463,987	366,932	463,987
Short-term investments- end of period	384,920	171,871	384,920	171,871
Cash and short-term investments - end of period	\$ 751,852	\$ 635,858	\$ 751,852	\$ 635,858

Novell, Inc.
Unaudited Non-GAAP Adjusted Earnings Information
(In thousands, except per share data)

	GAAP			Non-GAAP
	As Reported	Adjustments		Adjusted
<u>Fiscal quarter ended October 31, 2003</u>				
Net revenue	\$ 286,749	\$ -		\$ 286,749
Gross profit	185,412	-		185,412
Income (loss) from operations	19,532	8,962 (a)		28,494
Income (loss) before taxes	16,090	11,134 (b)		27,224
Net income (loss)	(109,004)	128,062 (c)		19,058
Diluted net income (loss) per share	\$ (0.29)	\$ 0.34 (c)		\$ 0.05
<u>Fiscal quarter ended July 31, 2003</u>				
Net revenue	\$ 282,809	\$ -		\$ 282,809
Gross profit	175,332	-		175,332
Income (loss) from operations	(20,045)	26,850 (d)		6,805
Income (loss) before taxes	(23,762)	33,526 (e)		9,764
Net income (loss)	(12,400)	19,235 (f)		6,835
Diluted net income (loss) per share	\$ (0.03)	\$ 0.05 (f)		\$ 0.02
<u>Fiscal quarter ended October 31, 2002</u>				
Net revenue	\$ 300,335	\$ -		\$ 300,335
Gross profit	191,136	-		191,136
Income (loss) from operations	(64,209)	81,169 (g)		16,960
Income (loss) before taxes	(87,611)	108,902 (h)		21,291
Net income (loss)	(91,672)	106,576 (i)		14,904
Diluted net income (loss) per share	\$ (0.25)	\$ 0.29 (i)		\$ 0.04

Footnotes related to adjustments:

- (a) Reflects restructuring reserves of \$8.0 million and in-process R&D expense of \$0.9 million.
- (b) Reflects the items in footnote (a) and investment write downs of \$2.2 million.
- (c) Reflects the items in footnotes (a) and (b), the necessary related tax adjustments, and a writedown of deferred tax assets of \$119 million.
- (d) Reflects restructuring reserves of \$26.4 million and an adjustment to prior merger reserves of \$0.5 million.
- (e) Reflects impairment loss on intangible assets of \$23.6 million, gain on sale of facilities in San Jose, CA of \$24.9 million, and investment write downs of \$8.0 million, in addition to the items in footnote (d).
- (f) Reflects the items in footnotes (d) and (e), and the necessary related tax adjustments.
- (g) Reflects asset impairments of \$80.4 million and integration charges of \$0.8 million.
- (h) Reflects the items in footnote (g) and investment writedowns of \$27.7 million.
- (i) Reflects the items in footnotes (g) and (h), and the necessary related tax adjustments.

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

	<u>Q4 2003</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Net revenue						
New software licenses	\$ 70,498	24.6	\$ 94,301	31.4	\$ (23,803)	(25.2)
Maintenance and services	216,251	75.4	206,034	68.6	10,217	5.0
Total net revenue	<u>286,749</u>	<u>100.0</u>	<u>300,335</u>	<u>100.0</u>	<u>(13,586)</u>	<u>(4.5)</u>
Cost of revenue						
New software licenses	5,140	1.8	9,464	3.2	(4,324)	(45.7)
Maintenance and services	96,197	33.5	99,735	33.2	(3,538)	(3.5)
Total cost of revenue	<u>101,337</u>	<u>35.3</u>	<u>109,199</u>	<u>36.4</u>	<u>(7,862)</u>	<u>(7.2)</u>
Gross profit	<u>185,412</u>	<u>64.7</u>	<u>191,136</u>	<u>63.6</u>	<u>(5,724)</u>	<u>(3.0)</u>
Operating expenses						
Sales and marketing	88,314	30.8	94,552	31.5	(6,238)	(6.6)
Product development	44,304	15.5	48,801	16.2	(4,497)	(9.2)
General and administrative	24,300	8.5	31,642	10.5	(7,342)	(23.2)
Restructuring	8,042	2.8	-	-	8,042	-
Purchased in process R&D	920	0.3	-	-	920	-
Impairments	-	-	80,350	26.8	(80,350)	-
Total operating expenses	<u>165,880</u>	<u>57.8</u>	<u>255,345</u>	<u>85.0</u>	<u>(89,465)</u>	<u>(35.0)</u>
Income (loss) from operations	<u>19,532</u>	<u>6.8</u>	<u>(64,209)</u>	<u>(21.4)</u>	<u>83,741</u>	<u>130.4</u>
Other income (expense), net	<u>(3,442)</u>	<u>(1.2)</u>	<u>(23,402)</u>	<u>(7.8)</u>	<u>19,960</u>	<u>85.3</u>
Income (loss) before taxes	16,090	5.6	(87,611)	(29.2)	103,701	118.4
Income tax expense (benefit)	<u>125,094</u>	<u>43.6</u>	<u>4,061</u>	<u>1.4</u>	<u>121,033</u>	<u>2,980.4</u>
Net income (loss)	<u>\$ (109,004)</u>	<u>(38.0)</u>	<u>\$ (91,672)</u>	<u>(30.5)</u>	<u>\$ (17,332)</u>	<u>(18.9)</u>
Net income (loss) per share:						
Basic	\$ (0.29)		\$ (0.25)		\$ (0.04)	(16.0)
Diluted	\$ (0.29)		\$ (0.25)		\$ (0.04)	(16.0)
Weighted average shares:						
Basic	373,876		364,884			
Diluted	373,876		364,884			

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

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

	<u>Q4 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Net revenue						
New software licenses	\$ 70,498	24.6	\$ 69,255	24.5	\$ 1,243	1.8
Maintenance and services	216,251	75.4	213,554	75.5	2,697	1.3
Total net revenue	<u>286,749</u>	<u>100.0</u>	<u>282,809</u>	<u>100.0</u>	<u>3,940</u>	<u>1.4</u>
Cost of revenue						
New software licenses	5,140	1.8	5,886	2.1	(746)	(12.7)
Maintenance and services	96,197	33.5	101,591	35.9	(5,394)	(5.3)
Total cost of revenue	<u>101,337</u>	<u>35.3</u>	<u>107,477</u>	<u>38.0</u>	<u>(6,140)</u>	<u>(5.7)</u>
Gross profit	<u>185,412</u>	<u>64.7</u>	<u>175,332</u>	<u>62.0</u>	<u>10,080</u>	<u>5.7</u>
Operating expenses						
Sales and marketing	88,314	30.8	92,470	32.7	(4,156)	(4.5)
Product development	44,304	15.5	48,178	17.0	(3,874)	(8.0)
General and administrative	24,300	8.5	28,379	10.0	(4,079)	(14.4)
Restructuring	8,042	2.8	26,350	9.3	(18,308)	(69.5)
Purchased in process R&D	920	0.3	-	-	920	-
Total operating expenses	<u>165,880</u>	<u>57.8</u>	<u>195,377</u>	<u>69.1</u>	<u>(29,497)</u>	<u>(15.1)</u>
Income (loss) from operations	<u>19,532</u>	<u>6.8</u>	<u>(20,045)</u>	<u>(7.1)</u>	<u>39,577</u>	<u>197.4</u>
Other income (expense), net	<u>(3,442)</u>	<u>(1.2)</u>	<u>(3,717)</u>	<u>(1.3)</u>	<u>275</u>	<u>7.4</u>
Income (loss) before taxes	16,090	5.6	(23,762)	(8.4)	39,852	167.7
Income tax expense (benefit)	<u>125,094</u>	<u>43.6</u>	<u>(11,362)</u>	<u>(4.0)</u>	<u>136,456</u>	<u>1,201.0</u>
Net income (loss)	<u>\$ (109,004)</u>	<u>(38.0)</u>	<u>\$ (12,400)</u>	<u>(4.4)</u>	<u>\$ (96,604)</u>	<u>(779.1)</u>
Net income (loss) per share:						
Basic	\$ (0.29)		\$ (0.03)		\$ (0.26)	(871.8)
Diluted	\$ (0.29)		\$ (0.03)		\$ (0.26)	(871.8)
Weighted average shares:						
Basic	373,876		371,484			
Diluted	373,876		371,484			

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

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

	Fiscal Year		Fiscal Year		\$	%
	2003	%	2002	%	Change	Change
Net revenue						
New software licenses	\$ 265,256	24.0	\$ 319,281	28.1	\$(54,025)	(16.9)
Maintenance and services	840,240	76.0	815,039	71.9	25,201	3.1
Total net revenue	<u>1,105,496</u>	<u>100.0</u>	<u>1,134,320</u>	<u>100.0</u>	<u>(28,824)</u>	<u>(2.5)</u>
Cost of revenue						
New software licenses	22,210	2.0	31,175	2.7	(8,965)	(28.8)
Maintenance and services	392,939	35.5	418,243	36.9	(25,304)	(6.1)
Total cost of revenue	<u>415,149</u>	<u>37.6</u>	<u>449,418</u>	<u>39.6</u>	<u>(34,269)</u>	<u>(7.6)</u>
Gross profit	<u>690,347</u>	<u>62.4</u>	<u>684,902</u>	<u>60.4</u>	<u>5,445</u>	<u>0.8</u>
Operating expenses						
Sales and marketing	380,826	34.4	358,742	31.6	22,084	6.2
Product development	183,758	16.6	169,247	14.9	14,511	8.6
General and administrative	110,963	10.0	122,588	10.8	(11,625)	(9.5)
Restructuring	43,067	3.9	19,100	1.7	23,967	125.5
Purchased in process R&D	920	0.1	3,000	0.3	(2,080)	(69.3)
Impairments	-	-	80,350	7.1	(80,350)	-
Total operating expenses	<u>719,534</u>	<u>65.1</u>	<u>753,027</u>	<u>66.4</u>	<u>(33,493)</u>	<u>(4.4)</u>
Income from operations	<u>(29,187)</u>	<u>(2.6)</u>	<u>(68,125)</u>	<u>(6.0)</u>	<u>38,938</u>	<u>57.2</u>
Other income (expense), net	<u>(25,823)</u>	<u>(2.3)</u>	<u>(24,100)</u>	<u>(2.1)</u>	<u>(1,723)</u>	<u>(7.1)</u>
Income (loss) before taxes	(55,010)	(5.0)	(92,225)	(8.1)	37,215	40.4
Income tax expense (benefit)	<u>106,894</u>	<u>9.7</u>	<u>10,896</u>	<u>1.0</u>	<u>95,998</u>	<u>881.0</u>
Income (loss) before accounting change	(161,904)	(14.6)	(103,121)	(9.1)	(58,783)	(57.0)
Cumulative effect of accounting change, net of	-	-	<u>(143,702)</u>	<u>(12.7)</u>	<u>143,702</u>	<u>-</u>
Net income (loss)	<u>\$(161,904)</u>	<u>(14.6)</u>	<u>\$(246,823)</u>	<u>(21.8)</u>	<u>\$ 84,919</u>	<u>34.4</u>
Net income (loss) per share:						
Basic						
Before cumulative effect of accounting change	\$ (0.44)		\$ (0.28)		\$ (0.15)	(54.0)
Cumulative effect of accounting change	-		<u>(0.40)</u>		<u>0.40</u>	<u>-</u>
Basic	<u>\$(0.44)</u>		<u>\$(0.68)</u>		<u>\$ 0.24</u>	<u>35.6</u>
Diluted						
Before cumulative effect of accounting change	\$ (0.44)		\$ (0.28)		\$ (0.15)	(54.0)
Cumulative effect of accounting change	-		<u>(0.40)</u>		<u>0.40</u>	<u>-</u>
Diluted	<u>\$(0.44)</u>		<u>\$(0.68)</u>		<u>\$ 0.24</u>	<u>35.6</u>
Weighted average shares:						
Basic	370,545		363,569			
Diluted	370,545		363,569			

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

NOVELL, INC.
Consolidated Unaudited Condensed Statements of Operations
Fiscal Year 2003
(In thousands, except per share data)

	Q1 2003	%	Q2 2003	%	Q3 2003	%	Q4 2003	%	Fiscal Year 2003	%
Net revenue										
New software licenses	\$ 61,038	23.5	\$ 64,465	23.4	\$ 69,255	24.5	\$ 70,498	24.6	\$ 265,256	24.0
Maintenance and services	198,933	76.5	211,502	76.6	213,554	75.5	216,251	75.4	840,240	76.0
Total net revenue	259,971	100.0	275,967	100.0	282,809	100.0	286,749	100.0	1,105,496	100.0
Cost of revenue										
New software licenses	5,222	2.0	5,962	2.2	5,886	2.1	5,140	1.8	22,210	2.0
Maintenance and services	92,342	35.5	102,809	37.3	101,591	35.9	96,197	33.5	392,939	35.5
Total cost of revenue	97,564	37.5	108,771	39.4	107,477	38.0	101,337	35.3	415,149	37.6
Gross profit	162,407	62.5	167,196	60.6	175,332	62.0	185,412	64.7	690,347	62.4
Operating expenses										
Sales and marketing	98,305	37.8	101,737	36.9	92,470	32.7	88,314	30.8	380,826	34.4
Product development	42,922	16.5	48,354	17.5	48,178	17.0	44,304	15.5	183,758	16.6
General and administrative	27,345	10.5	30,939	11.2	28,379	10.0	24,300	8.5	110,963	10.0
Restructuring	-	-	8,675	3.1	26,350	9.3	8,042	2.8	43,067	3.9
Purchased in-process R&D	-	-	-	-	-	-	920	0.3	920	0.1
Total operating expenses	168,572	64.8	189,705	68.7	195,377	69.1	165,880	57.8	719,534	65.1
Income (loss) from operations	(6,165)	(2.4)	(22,509)	(8.2)	(20,045)	(7.1)	19,532	6.8	(29,187)	(2.6)
Other income (expense)										
Investment income	(7,140)	(2.7)	(10,459)	(3.8)	(5,016)	(1.8)	913	0.3	(21,702)	(2.0)
Other, net	951	0.4	(2,016)	(0.7)	1,299	0.5	(4,355)	(1.5)	(4,121)	(0.4)
Other income (expense), net	(6,189)	(2.4)	(12,475)	(4.5)	(3,717)	(1.3)	(3,442)	(1.2)	(25,823)	(2.3)
Income (loss) before taxes	(12,354)	(4.8)	(34,984)	(12.7)	(23,762)	(8.4)	16,090	5.6	(55,010)	(5.0)
Income tax expense (benefit)	(466)	(0.2)	(6,372)	(2.3)	(11,362)	(4.0)	125,094	43.6	106,894	9.7
Net income (loss)	\$ (11,888)	(4.6)	\$ (28,612)	(10.4)	\$ (12,400)	(4.4)	\$ (109,004)	(38.0)	\$ (161,904)	(14.6)
Net income (loss) per share:										
Basic	\$ (0.03)		\$ (0.08)		\$ (0.03)		\$ (0.29)		\$ (0.44)	
Diluted	\$ (0.03)		\$ (0.08)		\$ (0.03)		\$ (0.29)		\$ (0.44)	
Weighted average shares:										
Basic	368,075		368,746		371,484		373,876		370,545	
Diluted	368,075		368,746		371,484		373,876		370,545	

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

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

Revenue by Solution	<u>Q4 2003</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
IT Software and Solutions						
Identity Management & Secure Web Services	\$ 25,623	8.9	\$ 30,027	10.0	\$ (4,404)	(14.7)
Cross Platform Services						
Management & Collaboration	64,148	22.4	64,178	21.4	(30)	(0.0)
Services Platforms & Storage	82,691	28.8	94,153	31.3	(11,462)	(12.2)
Total Cross Platform Services	<u>146,839</u>	<u>51.2</u>	<u>158,331</u>	<u>52.7</u>	<u>(11,492)</u>	<u>(7.3)</u>
Total Software Licenses & Maintenance	172,462	60.1	188,359	62.7	(15,897)	(8.4)
Worldwide Services *	<u>76,926</u>	<u>26.8</u>	<u>79,468</u>	<u>26.5</u>	<u>(2,542)</u>	<u>(3.2)</u>
Total IT Software and Solutions	249,388	87.0	267,827	89.2	(18,439)	(6.9)
Celerant Management Consulting	37,361	13.0	32,508	10.8	4,853	14.9
Total Net Revenue	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 300,335</u>	<u>100.0</u>	<u>\$ (13,586)</u>	<u>(4.5)</u>

* includes consulting, technical services, and training

Revenue by Business Category	<u>Q4 2003</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
New Software Licenses	\$ 70,498	24.6	\$ 94,301	31.4	\$ (23,803)	(25.2)
Maintenance and Services	216,251	75.4	206,034	68.6	10,217	5.0
Total Net Revenue	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 300,335</u>	<u>100.0</u>	<u>\$ (13,586)</u>	<u>(4.5)</u>

Revenue by Geography	<u>Q4 2003</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
U.S.	\$ 133,534	46.6	\$ 148,817	49.6	\$ (15,283)	(10.3)
Europe, Middle East & Africa	113,683	39.6	110,863	36.9	2,820	2.5
Asia Pacific	24,500	8.5	22,629	7.5	1,871	8.3
Canada & Latin America	15,032	5.2	18,026	6.0	(2,994)	(16.6)
Total Net Revenue	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 300,335</u>	<u>100.0</u>	<u>\$ (13,586)</u>	<u>(4.5)</u>

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

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

Revenue by Solution	<u>Q4 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
IT Software and Solutions						
Identity Management & Secure Web Services	\$ 25,623	8.9	\$ 26,099	9.2	\$ (476)	(1.8)
Cross Platform Services						
Management & Collaboration	64,148	22.4	63,178	22.3	970	1.5
Services Platforms & Storage	82,691	28.8	81,417	28.8	1,274	1.6
Total Cross Platform Services	<u>146,839</u>	<u>51.2</u>	<u>144,595</u>	<u>51.1</u>	<u>2,244</u>	<u>1.6</u>
Total Software Licenses & Maintenance	172,462	60.1	170,694	60.4	1,768	1.0
Worldwide Services *	<u>76,926</u>	<u>26.8</u>	<u>75,576</u>	<u>26.7</u>	<u>1,350</u>	<u>1.8</u>
Total IT Software and Solutions	249,388	87.0	246,270	87.1	3,118	1.3
Celerant Management Consulting	37,361	13.0	36,539	12.9	822	2.2
Total Net Revenue	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 3,940</u>	<u>1.4</u>

* includes consulting, technical services, and training

Revenue by Business Category	<u>Q4 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
New Software Licenses	\$ 70,498	24.6	\$ 69,255	24.5	\$ 1,243	1.8
Maintenance and Services	216,251	75.4	213,554	75.5	2,697	1.3
Total Net Revenue	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 3,940</u>	<u>1.4</u>

Revenue by Geography	<u>Q4 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
U.S.	\$ 133,534	46.6	\$ 129,261	45.7	\$ 4,273	3.3
Europe, Middle East & Africa	113,683	39.6	113,495	40.1	188	0.2
Asia Pacific	24,500	8.5	23,235	8.2	1,265	5.4
Canada & Latin America	15,032	5.2	16,818	5.9	(1,786)	(10.6)
Total Net Revenue	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 3,940</u>	<u>1.4</u>

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

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

Revenue by Solution	Fiscal Year 2003	%	Fiscal Year 2002	%	\$ Change	% Change
IT Software and Solutions						
Identity Management & Secure Web Services	\$ 96,977	8.8	\$ 82,610	7.3	\$ 14,367	17.4
Cross Platform Services						
Management & Collaboration	243,071	22.0	238,969	21.1	4,102	1.7
Services Platforms & Storage	326,788	29.6	369,781	32.6	(42,993)	(11.6)
Total Cross Platform Services	<u>569,859</u>	<u>51.5</u>	<u>608,750</u>	<u>53.7</u>	<u>(38,891)</u>	<u>(6.4)</u>
Total Software Licenses & Maintenance	666,836	60.3	691,360	60.9	(24,524)	(3.5)
Worldwide Services *	<u>299,331</u>	<u>27.1</u>	<u>317,728</u>	<u>28.0</u>	<u>(18,397)</u>	<u>(5.8)</u>
Total IT Software and Solutions	966,167	87.4	1,009,088	89.0	(42,921)	(4.3)
Celerant Management Consulting	139,329	12.6	125,232	11.0	14,097	11.3
Total Net Revenue	\$ 1,105,496	100.0	\$ 1,134,320	100.0	\$ (28,824)	(2.5)

* includes consulting, technical services, and training

Revenue by Business Category	Fiscal Year 2003	%	Fiscal Year 2002	%	\$ Change	% Change
New Software Licenses	\$ 265,256	24.0	\$ 319,281	28.1	\$ (54,025)	(16.9)
Maintenance and Services	840,240	76.0	815,039	71.9	25,201	3.1
Total Net Revenue	\$ 1,105,496	100.0	\$ 1,134,320	100.0	\$ (28,824)	(2.5)

Revenue by Geography	Fiscal Year 2003	%	Fiscal Year 2002	%	\$ Change	% Change
U.S.	\$ 512,368	46.3	\$ 582,573	51.4	\$ (70,205)	(12.1)
Europe, Middle East & Africa	442,841	40.1	403,064	35.5	39,777	9.9
Asia Pacific	86,500	7.8	81,839	7.2	4,661	5.7
Canada & Latin America	63,787	5.8	66,844	5.9	(3,057)	(4.6)
Total Net Revenue	\$ 1,105,496	100.0	\$ 1,134,320	100.0	\$ (28,824)	(2.5)

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

Novell, Inc.
Solutions Category, Business Category & Geography Revenue
Fiscal Year 2003
(Unaudited)
(In thousands)

Revenue by Solution	<u>Q1 2003</u>	<u>%</u>	<u>Q2 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>Q4 2003</u>	<u>%</u>	<u>Fiscal Year 2003</u>	<u>%</u>
IT Software and Solutions										
Identity Management & Secure Web Services	\$ 22,903	8.8	\$ 22,352	8.1	\$ 26,099	9.2	\$ 25,623	8.9	\$ 96,977	8.8
Cross Platform Services										
Management & Collaboration	54,742	21.1	61,003	22.1	63,178	22.3	64,148	22.4	243,071	22.0
Services Platforms & Storage	81,352	31.3	81,328	29.5	81,417	28.8	82,691	28.8	326,788	29.6
Total Cross Platform Services	<u>136,094</u>	<u>52.3</u>	<u>142,331</u>	<u>51.6</u>	<u>144,595</u>	<u>51.1</u>	<u>146,839</u>	<u>51.2</u>	<u>569,859</u>	<u>51.5</u>
Total Software Licenses & Maintenance	158,997	61.2	164,683	59.7	170,694	60.4	172,462	60.1	666,836	60.3
Worldwide Services *	<u>72,428</u>	<u>27.9</u>	<u>74,401</u>	<u>27.0</u>	<u>75,576</u>	<u>26.7</u>	<u>76,926</u>	<u>26.8</u>	<u>299,331</u>	<u>27.1</u>
Total IT Software and Solutions	231,425	89.0	239,084	86.6	246,270	87.1	249,388	87.0	966,167	87.4
Celerant Management Consulting	28,546	11.0	36,883	13.4	36,539	12.9	37,361	13.0	139,329	12.6
Total Net Revenue	<u>\$ 259,971</u>	<u>100.0</u>	<u>\$ 275,967</u>	<u>100.0</u>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 1,105,496</u>	<u>100.0</u>

* includes consulting, technical services, and training

Revenue by Business Category	<u>Q1 2003</u>	<u>%</u>	<u>Q2 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>Q4 2003</u>	<u>%</u>	<u>Fiscal Year 2003</u>	<u>%</u>
New Software Licenses	\$ 61,038	23.5	\$ 64,465	23.4	\$ 69,255	24.5	\$ 70,498	24.6	\$ 265,256	24.0
Maintenance and Services	198,933	76.5	211,502	76.6	213,554	75.5	216,251	75.4	840,240	76.0
Total Net Revenue	<u>\$ 259,971</u>	<u>100.0</u>	<u>\$ 275,967</u>	<u>100.0</u>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 1,105,496</u>	<u>100.0</u>

Revenue by Geography	<u>Q1 2003</u>	<u>%</u>	<u>Q2 2003</u>	<u>%</u>	<u>Q3 2003</u>	<u>%</u>	<u>Q4 2003</u>	<u>%</u>	<u>Fiscal Year 2003</u>	<u>%</u>
U.S.	\$ 123,729	47.6	\$ 125,844	45.6	\$ 129,261	45.7	\$ 133,534	46.6	\$ 512,368	46.3
Europe, Middle East & Africa	103,345	39.8	112,318	40.7	113,495	40.1	113,683	39.6	442,841	40.1
Asia Pacific	17,857	6.9	20,908	7.6	23,235	8.2	24,500	8.5	86,500	7.8
Canada & Latin America	15,040	5.8	16,897	6.1	16,818	5.9	15,032	5.2	63,787	5.8
Total Net Revenue	<u>\$ 259,971</u>	<u>100.0</u>	<u>\$ 275,967</u>	<u>100.0</u>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 286,749</u>	<u>100.0</u>	<u>\$ 1,105,496</u>	<u>100.0</u>

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

Novell, Inc.
Solutions Category, Business Category & Geography Revenue
Fiscal Year 2002
(Unaudited)
(In thousands)

Revenue by Solution	<u>Q1 2002</u>	<u>%</u>	<u>Q2 2002</u>	<u>%</u>	<u>Q3 2002</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>Fiscal Year 2002</u>	<u>%</u>
IT Software and Solutions										
Identity Management & Secure Web Services	\$ 16,828	6.1	\$ 16,376	6.0	\$ 19,378	6.9	\$ 30,028	10.0	\$ 82,610	7.3
Cross Platform Services										
Management & Collaboration	54,577	19.6	58,244	21.3	61,970	22.0	64,178	21.4	238,969	21.1
Services Platforms & Storage	95,185	34.3	89,008	32.5	91,435	32.4	94,153	31.3	369,781	32.6
Total Cross Platform Services	<u>149,762</u>	<u>53.9</u>	<u>147,252</u>	<u>53.8</u>	<u>153,405</u>	<u>54.3</u>	<u>158,331</u>	<u>52.7</u>	<u>608,750</u>	<u>53.7</u>
Total Software Licenses & Maintenance	166,590	60.0	163,628	59.8	172,783	61.2	188,359	62.7	691,360	60.9
Worldwide Services *	<u>82,266</u>	<u>29.6</u>	<u>78,045</u>	<u>28.5</u>	<u>77,949</u>	<u>27.6</u>	<u>79,468</u>	<u>26.5</u>	<u>317,728</u>	<u>28.0</u>
Total IT Software and Solutions	248,856	89.6	241,673	88.2	250,732	88.8	267,827	89.2	1,009,088	89.0
Celerant Management Consulting	29,003	10.4	32,180	11.8	31,541	11.2	32,508	10.8	125,232	11.0
Total Net Revenue	<u>\$ 277,859</u>	<u>100.0</u>	<u>\$ 273,853</u>	<u>100.0</u>	<u>\$ 282,273</u>	<u>100.0</u>	<u>\$ 300,335</u>	<u>100.0</u>	<u>\$ 1,134,320</u>	<u>100.0</u>

* includes consulting, technical services, and training

Revenue by Business Category	<u>Q1 2002</u>	<u>%</u>	<u>Q2 2002</u>	<u>%</u>	<u>Q3 2002</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>Fiscal Year 2002</u>	<u>%</u>
New Software Licenses	\$ 71,638	25.8	\$ 70,448	25.7	\$ 82,894	29.4	\$ 94,301	31.4	\$ 319,281	28.1
Maintenance and Services	206,221	74.2	203,405	74.3	199,379	70.6	206,034	68.6	815,039	71.9
Total Net Revenue	<u>\$ 277,859</u>	<u>100.0</u>	<u>\$ 273,853</u>	<u>100.0</u>	<u>\$ 282,273</u>	<u>100.0</u>	<u>\$ 300,335</u>	<u>100.0</u>	<u>\$ 1,134,320</u>	<u>100.0</u>

Revenue by Geography	<u>Q1 2002</u>	<u>%</u>	<u>Q2 2002</u>	<u>%</u>	<u>Q3 2002</u>	<u>%</u>	<u>Q4 2002</u>	<u>%</u>	<u>Fiscal Year 2002</u>	<u>%</u>
U.S.	\$ 147,428	53.1	\$ 143,060	52.2	\$ 143,268	50.8	\$ 148,817	49.6	\$ 582,573	51.4
Europe, Middle East & Africa	97,678	35.2	92,245	33.7	102,278	36.2	110,863	36.9	403,064	35.5
Asia Pacific	19,050	6.9	19,919	7.3	20,241	7.2	22,629	7.5	81,839	7.2
Canada & Latin America	13,703	4.9	18,629	6.8	16,486	5.8	18,026	6.0	66,844	5.9
Total Net Revenue	<u>\$ 277,859</u>	<u>100.0</u>	<u>\$ 273,853</u>	<u>100.0</u>	<u>\$ 282,273</u>	<u>100.0</u>	<u>\$ 300,335</u>	<u>100.0</u>	<u>\$ 1,134,320</u>	<u>100.0</u>

Certain reclassifications, none of which affect net income, have been made to the prior period amounts in order to conform to the current year's presentation.

Novell, Inc.
Products and Services Included Within Reported Line Items

Revenue by Solution**IT Software and Solutions****Identity Management & Secure Web Services**

- > Novell Nsure
 - > Account Management
 - > BorderManager
 - > DirXML
 - > eDirectory
 - > iChain
 - > NMAS
 - > Nsure Resources
 - > Secure Access
 - > SecureLogin

- > Novell exteNd
 - > exteNd Suite
 - > exteNd Composer
 - > exteNd App Server
 - > exteNd Director

Cross Platform Services**Management & Collaboration**

- > Novell Nterprise
 - > GroupWise
 - > NetMail
 - > ZENworks
 - > Volera
 - > Communications & other

Services Platforms & Storage

- > Novell Nterprise
 - > NetWare
 - > Cluster Services
 - > Small Business Suite
 - > Nterprise Branch Office
 - > iFolder

Worldwide Services

- > Novell Ngage
 - > support services
 - > training services
 - > IT consulting services
 - > IT consulting billable expense

Celerant Management Consulting

- > Celerant Consulting
- > Celerant Consulting billable expense