

**FOR IMMEDIATE RELEASE**

**Aug. 19, 2004**

**Novell reports financial results for third fiscal quarter 2004**

- *Reports improved earnings performance*
- *Embraces Linux, a disruptive technology, as the basis for its strategic growth*
- *Identity management solutions create the first line of defense for information security*

**WALTHAM, Mass. – Aug. 19, 2004** - Novell, Inc. (NASDAQ:NOVL) today announced financial results for its third fiscal quarter ended July 31, 2004. For the quarter, Novell reported revenues of \$305 million, compared to revenues of \$283 million for the third fiscal quarter 2003. Net income available to common stockholders in the third fiscal quarter 2004 was \$23 million, or \$0.06 per diluted common share. This compared to a net loss available to common stockholders of \$12 million, or \$0.03 loss per common share, for the third fiscal quarter 2003.

Included in Novell's financial results for the third fiscal quarter 2004 is revenue of \$14 million and interest income of \$5 million from The Canopy Group, Inc. as a result of a previously announced legal judgment in favor of Novell .

On a non-GAAP basis, adjusted net income available to common stockholders for the third fiscal quarter 2004 was \$14 million, or \$0.04 per diluted common share, which excludes the effect of the payment from Canopy of \$19 million, restructuring charges of \$9 million and investment impairments of \$1 million. This compares to non-GAAP adjusted net income available to common stockholders for the third fiscal quarter 2003 of \$7 million, or \$0.02 per diluted common share. 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.

In the third fiscal quarter 2004, foreign currency exchange rates favorably impacted total revenue by approximately \$5 million year-over-year. There was no material foreign currency impact to net income.

Also in the third fiscal quarter 2004, Novell recognized revenue of \$12 million associated with its SUSE® LINUX business. Sales of subscriptions to SUSE LINUX Enterprise Server reached 19,000 units in the quarter, with 12,000 of the units sold to one customer.

For the first nine months of fiscal 2004, Novell reported revenue of \$865 million and net income of \$44 million. The net income available to common stockholders in this period was \$18 million,

or \$0.05 per diluted common share, after consideration of a \$26 million deemed dividend related to the beneficial conversion feature of preferred stock and related preferred stock cash dividends. For the first nine months of fiscal 2003, the company reported revenue of \$819 million and a net loss available to common stockholders of \$53 million, or \$0.14 loss per common share.

“While revenue was not as strong as we would have liked, Novell improved earnings performance for the quarter and nine months period versus the same periods last year,” said Jack Messman, Chairman and CEO of Novell. “Novell’s transition to growth company status is well underway as we strengthen our products and services in both the Linux and identity management categories. Our SUSE LINUX business performed well in this quarter and is proving instrumental in positioning Novell as a strategic vendor to large enterprises. Our identity management products and services are creating the first line of defense for corporations seeking to improve the security and effectiveness of their information systems.”

Messman added, “We are witnessing the early impact of Linux, a disruptive technology, as it gives enterprises incomparable choices and flexibility in lowering their costs and reducing their vulnerability to security breaches. The collective innovation of the open source community that supports Linux will significantly disrupt the historical order in the information technology market to the benefit of corporations and consumers.”

On the balance sheet, cash and short-term investments were \$1.1 billion at July 31, 2004, compared with \$636 million at April 30, 2004. This increase in cash and short-term investments is primarily attributable to the issuance of \$600 million of convertible senior debentures during the quarter and positive cash flow from operations of \$65 million, offset by the repurchase of \$125 million of common stock. Days sales outstanding (DSO) in accounts receivable increased to 77 days at the end of the third fiscal quarter 2004, up from 67 days in the prior quarter. Deferred revenues were \$337 million at the end of the third fiscal quarter 2004, up \$42 million or 14% year over year. Stockholders' equity at July 31, 2004 declined \$72 million from April 30, 2004 as a result of the repurchase of \$125 million of common stock, offset by \$23 million in net income available to common stockholders and \$25 million from conversion of preferred stock into common stock. Cash flow from operations, including the payment from Canopy, was \$65 million for the third fiscal quarter 2004, up \$60 million from a year ago.

A summary of Novell’s vision, mission and strategy can be accessed on the Novell® Web site at: [www.novell.com/company/ir/qresults](http://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 will be broadcast at 5PM EDT August 19, 2004, 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”.

The call will be archived on the Web site approximately 15 minutes after its conclusion, and will be available for telephone playback through midnight, September 2. The domestic toll-free replay number is 866-360-3305, and the international replay number is +1-203-369-0160.

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 Current Report on Form 8-K filed with the Securities and Exchange Commission on July 2, 2004. **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 Ngage<sup>SM</sup>). Active in the open source community with its Ximian® and SUSE LINUX brands, Novell provides a full range of 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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**Press Contact:**

Bruce Lowry  
Novell, Inc.  
Phone: 415-298-7693  
E-Mail: [blowry@novell.com](mailto:blowry@novell.com)

**Investor Relations Contact:**

Bill Smith  
Novell, Inc.  
Phone: 800-317-3195  
E-Mail: [wsmith@novell.com](mailto:wsmith@novell.com)

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

	<b>Fiscal Quarter Ended</b>		<b>Fiscal Year-to-Date</b>	
	<u>Jul 31, 2004</u>	<u>Jul 31, 2003</u>	<u>Jul 31, 2004</u>	<u>Jul 31, 2003</u>
Net revenue				
New software licenses	\$ 58,693	\$ 69,255	\$ 173,768	\$ 194,758
Maintenance and services	245,904	213,554	691,492	623,989
<b>Total net revenue</b>	<b><u>304,597</u></b>	<b><u>282,809</u></b>	<b><u>865,260</u></b>	<b><u>818,747</u></b>
Cost of revenue				
New software licenses	5,613	5,886	16,621	17,070
Maintenance and services	98,343	101,591	288,653	296,742
Intangible asset impairments	-	23,569	-	23,569
Total cost of revenue	<u>103,956</u>	<u>131,046</u>	<u>305,274</u>	<u>337,381</u>
<b>Gross profit</b>	<b><u>200,641</u></b>	<b><u>151,763</u></b>	<b><u>559,986</u></b>	<b><u>481,366</u></b>
Operating expenses				
Sales and marketing	90,998	92,470	266,413	292,512
Product development	49,052	48,178	151,282	139,454
General and administrative	28,729	28,379	79,201	86,663
Restructuring	9,250	26,350	13,987	35,025
Gain on sale of property, plant and equipment	-	(24,934)	(1,977)	(24,934)
Total operating expenses	<u>178,029</u>	<u>170,443</u>	<u>508,906</u>	<u>528,720</u>
<b>Income (loss) from operations</b>	<b><u>22,612</u></b>	<b><u>(18,680)</u></b>	<b><u>51,080</u></b>	<b><u>(47,354)</u></b>
Other income (expense), net	<u>6,182</u>	<u>(5,082)</u>	<u>9,034</u>	<u>(23,746)</u>
Income (loss) before taxes	28,794	(23,762)	60,114	(71,100)
Income tax expense (benefit)	<u>5,389</u>	<u>(11,362)</u>	<u>16,191</u>	<u>(18,200)</u>
<b>Net income (loss)</b>	<b><u>23,405</u></b>	<b><u>(12,400)</u></b>	<b><u>43,923</u></b>	<b><u>(52,900)</u></b>
Deemed dividend related to beneficial conversion feature of preferred stock	-	-	(25,680)	-
Preferred stock dividends	<u>(189)</u>	<u>-</u>	<u>(291)</u>	<u>-</u>
<b>Net income (loss) available to common stockholders</b>	<b><u>\$ 23,216</u></b>	<b><u>\$ (12,400)</u></b>	<b><u>\$ 17,952</u></b>	<b><u>\$ (52,900)</u></b>
<b>Net income (loss) per common share:</b>				
Basic	\$ 0.06	\$ (0.03)	\$ 0.05	\$ (0.14)
Diluted	<b>\$ 0.06</b>	<b>\$ (0.03)</b>	<b>\$ 0.05</b>	<b>\$ (0.14)</b>
<b>Weighted average shares:</b>				
Basic	383,400	371,484	382,678	369,435
Diluted	<b>397,776</b>	<b>371,484</b>	<b>396,943</b>	<b>369,435</b>

Certain reclassifications, none of which affected net income, were made to the prior period amounts in order to conform to the current period's presentation.

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

<b>ASSETS</b>	<b>Jul 31, 2004</b>	<b>Oct 31, 2003</b>
Current assets		
Cash, cash equivalents and short-term investments	\$ 1,149,387	\$ 751,852
Receivables, net	245,373	232,492
Prepaid expenses	30,458	23,005
Other current assets	<u>25,389</u>	<u>23,204</u>
Total current assets	1,450,607	1,030,553
Property, plant and equipment, net	246,242	255,526
Long-term investments	56,122	50,948
Goodwill	405,448	213,300
Intangible assets, net	51,313	10,800
Other assets	<u>20,911</u>	<u>6,526</u>
Total assets	<u>\$ 2,230,643</u>	<u>\$ 1,567,653</u>
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 52,781	\$ 50,258
Accrued compensation	115,430	101,164
Other accrued liabilities	103,670	117,073
Income taxes payable	40,504	35,493
Deferred revenue	<u>337,461</u>	<u>322,470</u>
Total current liabilities	649,846	626,458
Deferred income taxes	16,959	-
Long-term debt	<u>600,000</u>	<u>-</u>
Total liabilities	1,266,805	626,458
Minority interests	6,798	6,725
Preferred stock	25,000	-
Stockholders' equity	<u>932,040</u>	<u>934,470</u>
Total liabilities and stockholders' equity	<u>\$ 2,230,643</u>	<u>\$ 1,567,653</u>

Certain reclassifications, none of which affected net income, were made to the prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Consolidated Unaudited Condensed Statements of Cash Flows**  
(In thousands)

	<b>Fiscal Quarter Ended</b>		<b>Fiscal Year-to-Date</b>	
	<b>Jul 31, 2004</b>	<b>Jul 31, 2003</b>	<b>Jul 31, 2004</b>	<b>Jul 31, 2003</b>
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 23,405	\$ (12,400)	\$ 43,923	\$ (52,900)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Gain (loss) on sale of property, plant and equipment	10	(24,934)	(1,967)	(25,299)
Depreciation and amortization	11,854	14,190	38,946	49,174
Non-cash restructuring charges	4,454	14,551	9,191	23,226
Intangible asset impairments, net of tax	-	13,935	-	13,935
Long-term investment impairments	552	8,040	2,448	32,563
Changes in assets and liabilities	24,582	(7,885)	(24,947)	(38,689)
<b>Net cash provided by operating activities</b>	<b>64,857</b>	<b>5,497</b>	<b>67,594</b>	<b>2,010</b>
<b>Cash flows from financing activities:</b>				
Issuance of common stock, net	1,364	807	47,984	7,854
Issuance of preferred stock	-	-	50,000	-
Issuance of long-term debt	600,000	-	600,000	-
Payment of issuance costs on long-term debt	(14,850)	-	(14,850)	-
Payment of preferred stock dividend	(190)	-	(292)	-
Repurchase of common stock - held in treasury	(125,000)	-	(125,000)	-
<b>Net cash provided by financing activities</b>	<b>461,324</b>	<b>807</b>	<b>557,842</b>	<b>7,854</b>
<b>Cash flows from investing activities:</b>				
Expenditures for property, plant and equipment	(7,511)	(8,828)	(19,524)	(30,605)
Proceeds from the sale of property, plant and equipment	163	124,215	2,140	125,000
Short-term investment activity	(193,567)	(44,438)	(193,514)	(117,240)
Cash paid for SUSE LINUX	-	-	(211,468)	-
Cash received from SUSE LINUX	-	-	11,170	-
Cash paid for Salmon	(8,470)	-	(8,470)	-
Cash received from Salmon	3,148	-	3,148	-
Other	222	(1,100)	(2,212)	(329)
<b>Net cash (used) provided by investing activities</b>	<b>(206,015)</b>	<b>69,849</b>	<b>(418,730)</b>	<b>(23,174)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>320,166</b>	<b>76,153</b>	<b>206,706</b>	<b>(13,310)</b>
Cash and cash equivalents - beginning of period	253,472	374,524	366,932	463,987
<b>Cash and cash equivalents - end of period</b>	<b>573,638</b>	<b>450,677</b>	<b>573,638</b>	<b>450,677</b>
Short-term investments - end of period	575,749	288,100	575,749	288,100
<b>Cash and short-term investments - end of period</b>	<b>\$ 1,149,387</b>	<b>\$ 738,777</b>	<b>\$ 1,149,387</b>	<b>\$ 738,777</b>

Certain reclassifications, none of which affected net income, were made to the prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Unaudited Non-GAAP Adjusted Earnings Information**

(In thousands, except per share data)

	GAAP			Non-GAAP	
	As Reported	Adjustments		Adjusted	Adjusted
<b><u>Fiscal quarter ended July 31, 2004</u></b>					
Net revenue	\$ 304,597	\$ (13,500) (a)	\$	291,097	
Gross profit	200,641	(13,500) (a)		187,141	
Income (loss) from operations	22,612	(4,070) (b)		18,542	
Income (loss) before taxes	28,794	(8,561) (c)		20,233	
Net income (loss)	23,405	(9,453) (d)		13,952	
Net income (loss) available to common stockholders	23,216	(9,453) (d)		13,763	
Diluted net income (loss) per common share	\$ 0.06	\$ (0.02) (d)	\$	0.04	
<b><u>Fiscal quarter ended April 30, 2004</u></b>					
Net revenue	\$ 293,556	\$ -	\$	293,556	
Gross profit	187,114	-		187,114	
Income (loss) from operations	14,462	2,929 (e)		17,391	
Income (loss) before taxes	14,837	3,679 (f)		18,516	
Net income (loss)	10,383	3,408 (g)		13,791	
Net income (loss) available to common stockholders	(15,399)	29,088 (h)		13,689	
Diluted net income (loss) per common share	\$ (0.04)	\$ 0.07 (h)	\$	0.03	
<b><u>Fiscal quarter ended July 31, 2003</u></b>					
Net revenue	\$ 282,809	\$ -	\$	282,809	
Gross profit	151,763	23,569 (i)		175,332	
Income (loss) from operations	(18,680)	25,485 (j)		6,805	
Income (loss) before taxes	(23,762)	33,485 (k)		9,723	
Net income (loss)	(12,400)	19,235 (l)		6,835	
Net income (loss) available to common stockholders	(12,400)	19,235 (l)		6,835	
Diluted net income (loss) per common share	\$ (0.03)	\$ 0.05 (l)	\$	0.02	

**Footnotes related to adjustments:**

- (a) Reflects satisfaction of judgment against The Canopy Group, Inc. recorded as revenue of \$13.5 million.
- (b) Reflects the item in footnote (a), restructuring charges of \$9.3 million and integration costs related to SUSE of \$0.2 million.
- (c) Reflects the items in footnotes (a) and (b), satisfaction of judgment against The Canopy Group Inc. recorded as interest income of \$5 million and long-term investment impairments of \$0.6 million.
- (d) Reflects the items in footnotes (a), (b) and (c), and the necessary related tax adjustments.
- (e) Reflects restructuring charges of \$4.7 million, a gain on the sale of property, plant and equipment of \$2.0 million and integration costs related to SUSE of \$0.2 million.
- (f) Reflects the items in footnote (e) and long-term investment impairments of \$0.8 million.
- (g) Reflects the items in footnotes (e) and (f), and the necessary related tax adjustments.
- (h) Reflects the items in footnotes (e), (f) and (g), and a beneficial conversion feature of \$25.7 million.
- (i) Reflects intangible asset impairments of \$23.6 million.
- (j) Reflects the item in footnote (i), restructuring reserves of \$26.4 million, a gain on sale of facilities in San Jose, CA of \$24.9 million and an adjustment to prior merger reserves of \$0.5 million.
- (k) Reflects the items in footnotes (i) and (j), and long-term investment impairments of \$8.0 million.
- (l) Reflects the items in footnotes (i), (j) and (k), and the necessary related tax adjustments.

Certain reclassifications, none of which affected net income, were made to the prior period amounts in order to conform to the current period's presentation.

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

	Q3 2003		Fiscal Year 2003		Q2 2004		Q3 2004		Trailing Four Quarters	
		%		%		%		%		%
Net revenue										
New software licenses	\$ 69,255	24.5	\$ 265,256	24.0	\$ 60,306	20.5	\$ 58,693	19.3	\$ 244,266	21.2
Maintenance and services	213,554	75.5	840,240	76.0	233,250	79.5	245,904	80.7	907,743	78.8
<b>Total net revenue</b>	<b>282,809</b>	<b>100.0</b>	<b>1,105,496</b>	<b>100.0</b>	<b>293,556</b>	<b>100.0</b>	<b>304,597</b>	<b>100.0</b>	<b>1,152,009</b>	<b>100.0</b>
Cost of revenue										
New software licenses	5,886	2.1	22,210	2.0	6,087	2.1	5,613	1.8	21,762	1.9
Maintenance and services	101,591	35.9	392,939	35.5	100,355	34.2	98,343	32.3	384,849	33.4
Intangible asset impairments	23,569	8.3	23,569	2.1	-	-	-	-	-	-
<b>Total cost of revenue</b>	<b>131,046</b>	<b>46.3</b>	<b>438,718</b>	<b>39.7</b>	<b>106,442</b>	<b>36.3</b>	<b>103,956</b>	<b>34.1</b>	<b>406,611</b>	<b>35.3</b>
<b>Gross profit</b>	<b>151,763</b>	<b>53.7</b>	<b>666,778</b>	<b>60.3</b>	<b>187,114</b>	<b>63.7</b>	<b>200,641</b>	<b>65.9</b>	<b>745,398</b>	<b>64.7</b>
Operating expenses										
Sales and marketing	92,470	32.7	380,826	34.4	93,646	31.9	90,998	29.9	354,727	30.8
Product development	48,178	17.0	183,758	16.6	52,031	17.7	49,052	16.1	195,586	17.0
General and administrative	28,379	10.0	110,963	10.0	24,215	8.2	28,729	9.4	103,501	9.0
Restructuring	26,350	9.3	43,067	3.9	4,737	1.6	9,250	3.0	22,029	1.9
Purchased in-process R&D	-	-	920	0.1	-	-	-	-	920	0.1
Gain on sale of property, plant and equipment	(24,934)	(8.8)	(24,934)	(2.3)	(1,977)	(0.7)	-	-	(1,977)	(0.2)
Total operating expenses	170,443	60.3	694,600	62.8	172,652	58.8	178,029	58.4	674,786	58.6
<b>Income (loss) from operations</b>	<b>(18,680)</b>	<b>(6.6)</b>	<b>(27,822)</b>	<b>(2.5)</b>	<b>14,462</b>	<b>4.9</b>	<b>22,612</b>	<b>7.4</b>	<b>70,612</b>	<b>6.1</b>
Other income (expense)										
Investment income	(5,016)	(1.8)	(21,702)	(2.0)	2,464	0.8	7,574	2.5	14,463	1.3
Other, net	(66)	(0.0)	(5,486)	(0.5)	(2,089)	(0.7)	(1,392)	(0.5)	(8,871)	(0.8)
Other income (expense), net	(5,082)	(1.8)	(27,188)	(2.5)	375	0.1	6,182	2.0	5,592	0.5
Income (loss) before taxes	(23,762)	(8.4)	(55,010)	(5.0)	14,837	5.1	28,794	9.5	76,204	6.6
Income tax expense (benefit)	(11,362)	(4.0)	106,894	9.7	4,454	1.5	5,389	1.8	141,285	12.3
<b>Net income (loss)</b>	<b>(12,400)</b>	<b>(4.4)</b>	<b>(161,904)</b>	<b>(14.6)</b>	<b>10,383</b>	<b>3.5</b>	<b>23,405</b>	<b>7.7</b>	<b>(65,081)</b>	<b>(5.6)</b>
Beneficial conversion feature	-	-	-	-	(25,680)	(8.7)	-	-	(25,680)	(2.2)
Preferred stock dividends	-	-	-	-	(102)	(0.0)	(189)	(0.1)	(291)	(0.0)
<b>Net income (loss) available to common stockholders</b>	<b>\$ (12,400)</b>	<b>(4.4)</b>	<b>\$ (161,904)</b>	<b>(14.6)</b>	<b>\$ (15,399)</b>	<b>(5.2)</b>	<b>\$ 23,216</b>	<b>7.6</b>	<b>\$ (91,052)</b>	<b>(7.9)</b>
<b>Net income (loss) per common share:</b>										
Basic	\$ (0.03)		\$ (0.44)		\$ (0.04)		\$ 0.06		\$ (0.24)	
Diluted	\$ (0.03)		\$ (0.44)		\$ (0.04)		\$ 0.06		\$ (0.24)	
<b>Weighted average shares:</b>										
Basic	371,484		370,545		384,528		383,400		380,478	
Diluted	371,484		370,545		384,528		397,776		387,073	

Certain reclassifications, none of which affected net income, were made to the prior period amounts in order to conform to the current period's presentation.

**Novell, Inc.**  
**Unaudited Trended Solutions Category, Business Category & Segment Revenue**  
(In thousands)

Revenue by solution	Q3 2003	%	Fiscal Year 2003	%	Q2 2004	%	Q3 2004	%	Trailing Four Quarters	%
<b>IT software and solutions</b>										
Identity management & web services	\$ 26,099	9.2	\$ 96,977	8.8	\$ 24,051	8.2	\$ 26,720	8.8	\$ 98,866	8.6
Cross platform services										
Management & collaboration	63,178	22.3	243,071	22.0	61,046	20.8	61,317	20.1	247,423	21.5
Services platforms & storage	81,417	28.8	326,788	29.6	90,214	30.7	97,860	32.1	346,392	30.1
Total cross platform services	<u>144,595</u>	<u>51.1</u>	<u>569,859</u>	<u>51.5</u>	<u>151,260</u>	<u>51.5</u>	<u>159,177</u>	<u>52.3</u>	<u>593,815</u>	<u>51.5</u>
Total software licenses & maintenance	170,694	60.4	666,836	60.3	175,311	59.7	185,897	61.0	692,681	60.1
Worldwide services *	75,576	26.7	299,331	27.1	76,452	26.0	74,944	24.6	299,085	26.0
<b>Total IT software and solutions</b>	<b>246,270</b>	<b>87.1</b>	<b>966,167</b>	<b>87.4</b>	<b>251,763</b>	<b>85.8</b>	<b>260,841</b>	<b>85.6</b>	<b>991,766</b>	<b>86.1</b>
<b>Celerant management consulting</b>	<b>36,539</b>	<b>12.9</b>	<b>139,329</b>	<b>12.6</b>	<b>41,793</b>	<b>14.2</b>	<b>43,756</b>	<b>14.4</b>	<b>160,243</b>	<b>13.9</b>
<b>Total net revenue</b>	<b>\$ 282,809</b>	<b>100.0</b>	<b>\$ 1,105,496</b>	<b>100.0</b>	<b>\$ 293,556</b>	<b>100.0</b>	<b>\$ 304,597</b>	<b>100.0</b>	<b>\$ 1,152,009</b>	<b>100.0</b>
<i>* includes consulting, technical services, and training</i>										
<b>Revenue by business category</b>										
New software licenses	\$ 69,255	24.5	\$ 265,256	24.0	\$ 60,306	20.5	\$ 58,693	19.3	\$ 244,266	21.2
Maintenance and services	213,554	75.5	840,240	76.0	233,250	79.5	245,904	80.7	907,743	78.8
<b>Total net revenue</b>	<b>\$ 282,809</b>	<b>100.0</b>	<b>\$ 1,105,496</b>	<b>100.0</b>	<b>\$ 293,556</b>	<b>100.0</b>	<b>\$ 304,597</b>	<b>100.0</b>	<b>\$ 1,152,009</b>	<b>100.0</b>
<b>Revenue by segment</b>										
North America	\$ 129,188	45.7	\$ 508,360	46.0	\$ 124,816	42.5	\$ 141,078	46.3	\$ 510,722	44.3
Latin America	6,447	2.3	23,202	2.1	5,363	1.8	4,539	1.5	21,206	1.8
Americas	<u>135,635</u>	<u>48.0</u>	<u>531,562</u>	<u>48.1</u>	<u>130,179</u>	<u>44.3</u>	<u>145,617</u>	<u>47.8</u>	<u>531,928</u>	<u>46.2</u>
EMEA	87,400	30.9	348,105	31.5	99,016	33.7	92,209	30.3	369,380	32.1
Asia Pacific	23,235	8.2	86,500	7.8	22,569	7.7	23,015	7.6	90,459	7.9
Celerant management consulting	36,539	12.9	139,329	12.6	41,793	14.2	43,756	14.4	160,243	13.9
<b>Total net revenue</b>	<b>\$ 282,809</b>	<b>100.0</b>	<b>\$ 1,105,496</b>	<b>100.0</b>	<b>\$ 293,556</b>	<b>100.0</b>	<b>\$ 304,597</b>	<b>100.0</b>	<b>\$ 1,152,009</b>	<b>100.0</b>

Certain reclassifications were made to the prior period amounts in order to conform to the current period's presentation.

\* \$13.5 million Q3 2004 payment from The Canopy Group, Inc. is recorded in Services, Platforms and Storage as maintenance and services revenue in North America.

\*\* \$12 million in Q3 2004 SUSE revenue is recorded in Services, Platforms and Storage as maintenance and services revenue.

**Novell, Inc.**  
**Unaudited Trended Solutions Revenue by New Software Licenses and Maintenance and Services**  
(In thousands)

	Q3 2003	%	Fiscal Year 2003	%	Q2 2004	%	Q3 2004	%	Trailing Four Quarters	%
<b>IT software and solutions</b>										
<b>Identity management &amp; web services</b>										
New software licenses	\$ 12,985	4.6	\$ 46,597	4.2	\$ 9,087	3.1	\$ 11,369	3.7	\$ 41,294	3.6
Maintenance and services	13,114	4.6	50,380	4.6	14,964	5.1	15,351	5.0	57,572	5.0
	<u>26,099</u>	<u>9.2</u>	<u>96,977</u>	<u>8.8</u>	<u>24,051</u>	<u>8.2</u>	<u>26,720</u>	<u>8.8</u>	<u>98,866</u>	<u>8.6</u>
<b>Cross platform services</b>										
Management & collaboration										
New software licenses	25,192	8.9	93,320	8.4	20,424	7.0	20,512	6.7	87,267	7.6
Maintenance and services	37,986	13.4	149,751	13.5	40,622	13.8	40,805	13.4	160,156	13.9
	<u>63,178</u>	<u>22.3</u>	<u>243,071</u>	<u>22.0</u>	<u>61,046</u>	<u>20.8</u>	<u>61,317</u>	<u>20.1</u>	<u>247,423</u>	<u>21.5</u>
Services platforms & storage										
New software licenses	31,078	11.0	125,339	11.3	30,795	10.5	26,812	8.8	115,705	10.0
Maintenance and services	50,339	17.8	201,449	18.2	59,419	20.2	71,048	23.3	230,687	20.0
	<u>81,417</u>	<u>28.8</u>	<u>326,788</u>	<u>29.6</u>	<u>90,214</u>	<u>30.7</u>	<u>97,860</u>	<u>32.1</u>	<u>346,392</u>	<u>30.1</u>
Total cross platform services										
New software licenses	56,270	19.9	218,659	19.8	51,219	17.4	47,324	15.5	202,972	17.6
Maintenance and services	88,325	31.2	351,200	31.8	100,041	34.1	111,853	36.7	390,843	33.9
	<u>144,595</u>	<u>51.1</u>	<u>569,859</u>	<u>51.5</u>	<u>151,260</u>	<u>51.5</u>	<u>159,177</u>	<u>52.3</u>	<u>593,815</u>	<u>51.5</u>
Total software licenses & maintenance										
New software licenses	69,255	24.5	265,256	24.0	60,306	20.5	58,693	19.3	244,266	21.2
Maintenance and services	101,439	35.9	401,580	36.3	115,005	39.2	127,204	41.8	448,415	38.9
	<u>170,694</u>	<u>60.4</u>	<u>666,836</u>	<u>60.3</u>	<u>175,311</u>	<u>59.7</u>	<u>185,897</u>	<u>61.0</u>	<u>692,681</u>	<u>60.1</u>
<b>Worldwide services</b>										
	<u>75,576</u>	<u>26.7</u>	<u>299,331</u>	<u>27.1</u>	<u>76,452</u>	<u>26.0</u>	<u>74,944</u>	<u>24.6</u>	<u>299,085</u>	<u>26.0</u>
<b>Total IT software and solutions</b>										
New software licenses	69,255	24.5	265,256	24.0	60,306	20.5	58,693	19.3	244,266	21.2
Maintenance and services	177,015	62.6	700,911	63.4	191,457	65.2	202,148	66.4	747,500	64.9
	<u>246,270</u>	<u>87.1</u>	<u>966,167</u>	<u>87.4</u>	<u>251,763</u>	<u>85.8</u>	<u>260,841</u>	<u>85.6</u>	<u>991,766</u>	<u>86.1</u>
<b>Celerant management consulting</b>										
	<u>36,539</u>	<u>12.9</u>	<u>139,329</u>	<u>12.6</u>	<u>41,793</u>	<u>14.2</u>	<u>43,756</u>	<u>14.4</u>	<u>160,243</u>	<u>13.9</u>
<b>Total net revenue</b>										
New software licenses	69,255	24.5	265,256	24.0	60,306	20.5	58,693	19.3	244,266	21.2
Maintenance and services	213,554	75.5	840,240	76.0	233,250	79.5	245,904	80.7	907,743	78.8
<b>Total net revenue</b>	<u>\$ 282,809</u>	<u>100.0</u>	<u>\$ 1,105,496</u>	<u>100.0</u>	<u>\$ 293,556</u>	<u>100.0</u>	<u>\$ 304,597</u>	<u>100.0</u>	<u>\$ 1,152,009</u>	<u>100.0</u>

Certain reclassifications were made to the prior period amounts in order to conform to the current period's presentation.

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

**Revenue by Solution**

**IT Software and Solutions**

**Identity Management & Web Services**

- > Novell Nsure
  - > Account Management
  - > BorderManager
  - > DirXML
  - > eDirectory
  - > iChain
  - > NMAS
  - > SecureLogin
  
- > Novell exteNd
  - > exteNd Suite
  - > exteNd Composer
  - > exteNd App Server
  - > exteNd Director

**Cross Platform Services**

**Management & Collaboration**

- > Novell Nterprise
  - > GroupWise
  - > NetMail
  - > ZENworks
  - > Volera
  - > Ximian

**Services Platforms & Storage**

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

**Worldwide Services**

- > Novell Ngage
  - > Support services
  - > Training services
  - > IT consulting services
  - > IT consulting billable expense

**Celerant Management Consulting**

**Celerant Consulting**