

FOR IMMEDIATE RELEASE

December 5, 2006

Novell Reports Preliminary Financial Results for Fourth Fiscal Quarter and Full Fiscal Year 2006

- *Strong fiscal year 2006 revenue growth in key solution categories*
 - *Linux Platform Products revenue grows 26% year-over-year*
 - *Identity and Access Management revenue grows 30% year-over-year*
- *Provides financial guidance for full fiscal years 2007 and 2008*

WALTHAM, Mass. – December 5, 2006 - Novell, Inc. (NASDAQ:NOVL) today announced preliminary financial results for its fourth fiscal quarter and fiscal year ended October 31, 2006. These financial results are preliminary because Novell, during the third fiscal quarter, began a self-initiated, voluntary review of the company's historical stock-based compensation practices and related potential accounting impact. The financial results reported today do not take into account any adjustments that may be required in connection with the completion of the stock-based compensation review and should be considered preliminary until Novell files its Form 10-Q for the third fiscal quarter ended July 31, 2006 and Form 10-K for the full fiscal year ended October 31, 2006.

Financial Results

For the fourth fiscal quarter 2006, Novell reported net revenue of \$245 million, compared to net revenue of \$288 million for the fourth fiscal quarter 2005. The net income available to common stockholders from continuing operations in the fourth fiscal quarter 2006 was \$25 million, or \$0.06 per diluted common share. This compares to a loss available to common stockholders from continuing operations of \$6 million, or \$0.02 loss per diluted common share, for the fourth fiscal quarter 2005.

On a non-GAAP basis, which is described below, adjusted income available to common stockholders from continuing operations for the fourth fiscal quarter 2006 was \$20 million, or \$0.05 per diluted common share. This compares to non-GAAP adjusted income available to common stockholders from continuing operations of \$32 million, or \$0.07 per diluted common share, for the fourth fiscal quarter 2005.

For the full fiscal year 2006, Novell reported revenue of \$967 million and net income available to common stockholders from continuing operations of \$21 million, or \$0.06 per diluted common share. Comparatively, revenue for the full fiscal year 2005 was \$1.039 billion and net income available to common stockholders from continuing operations was \$373 million, or \$0.85 per diluted common share, including a \$448 million net legal settlement with Microsoft.

During the fourth fiscal quarter 2006, Novell reported \$13 million of revenue from Linux* Platform Products, up 32% year-over-year. Revenue from Identity and Access Management was \$24 million, up 3% year-over-year. Combined revenue from Open Enterprise Server and NetWare®-related products declined 25% from the year ago period.

“We are pleased with the progress we made in our key growth categories of Linux and Identity in fiscal year 2006,” said Ron Hovsepian, President and CEO of Novell. “Coupled with the unprecedented Linux partnership with Microsoft just recently announced, we will add significant momentum to our Linux business. With these proof points established and with the initiatives we have begun to improve our sales model, development processes and back office efficiencies, we feel confident that we are on the right path to put Novell on target for sustained profitability in the future.”

Cash, cash equivalents and short-term investments were \$1.5 billion at October 31, 2006, up from \$1.3 billion last quarter. Days sales outstanding in accounts receivable was 86 days at the end of the fourth fiscal quarter 2006, up from 81 days in the year ago quarter. Accounts receivable aging remains within historical ranges. Deferred revenue was \$427 million at the end of the fourth fiscal quarter 2006, up \$21 million, or 5%, from the prior year. Cash flow from operations was \$62 million for the fourth fiscal quarter 2006, up from \$58 million from the fourth fiscal quarter 2005.

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.

Update on Stock-Based Compensation Review

Novell's previously announced, self-initiated review of its historical stock-based compensation practices, which is being conducted by the Audit Committee of its Board of Directors with the assistance of independent outside counsel, is on-going. Novell expects to file its Form 10-Q report for the third fiscal quarter ended July 31, 2006 and Form 10-K report for the full fiscal year ended October 31, 2006 following the conclusion of the review.

Update on Third Fiscal Quarter 2006

Because the financial results for the third fiscal quarter ended July 31, 2006 remain preliminary, an increase of \$9 million in accrued liabilities as a result of a change in estimate identified during the fourth fiscal quarter 2006 must be recognized as an expense in the third fiscal quarter. As a result, operating expenses increased by \$9 million, and the net loss available to common stockholders from continuing operations in the third fiscal quarter 2006 increased from the previously reported \$3 million, or \$0.01 loss per diluted common share, to \$10 million, or \$0.03 loss per diluted common share. Third fiscal quarter 2006 non-GAAP adjusted income available to common stockholders from continuing operations of \$20 million, or \$0.05 per diluted common share, remained unchanged.

Financial Outlook

Novell management provides the following financial guidance:

For the full fiscal year 2007:

- Net revenue is expected to be between \$945 million and \$975 million.
- On a non-GAAP basis, adjusted income from operations is expected to be between breakeven and \$10 million, excluding an estimated \$35 million expense from stock-based compensation. However, in fiscal year 2007, Novell anticipates it will no longer exclude stock-based compensation expense from its non-GAAP financial measures.
- Novell is targeting fourth fiscal quarter 2007 exit rate operating margins, as described below, of between 5% and 7%.

For the full fiscal year 2008:

- Novell is targeting fourth fiscal quarter 2008 exit rate operating margins of between 12% and 15%.

Exit rate operating margins are defined as an annualized run rate expense level at the end of the period that, when compared to the full fiscal year's revenue, would result in a pro forma operating margin for the year.

Non-GAAP Financial Measures

To supplement Novell's preliminary consolidated unaudited condensed financial statements presented in accordance with GAAP and to better reflect comparative quarter-over-quarter and year-over-year operating performance, Novell uses non-GAAP financial measures of adjusted diluted income available to common stockholders from continuing operations and adjusted diluted income per common share from continuing operations, which reflect the exclusion of certain expenses and gains, and adjusted diluted weighted average shares outstanding. Novell's financial outlook uses a non-GAAP income from operations measure. These non-GAAP financial measures do not replace the presentation of Novell's GAAP financial results but are provided to improve overall understanding of current financial performance and prospects for the future.

Novell considers non-GAAP adjusted diluted income available to common stockholders from continuing operations to be after-tax income generated from continuing operations excluding certain non-recurring or non-core items such as, but not limited to, stock-based compensation for fiscal year 2006, restructuring expenses, asset impairments, actual and estimated litigation judgments and settlements, the write-off of acquired in-process research and development, and gains (losses) on the sale of business operations, long-term investments and property, plant and equipment.

Novell does not provide financial guidance for GAAP financial measures because items identified as excluded from non-GAAP financial measures are difficult to forecast.

A summary of Novell's vision, mission and strategy can be accessed on the Novell® Web site at:
<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 5:00 PM ET December 5, 2006, from Novell's Investor Relations Web page:
<http://www.novell.com/company/ir/qresults/>. The domestic conference call dial-in number is 866-335-5255, password "Novell", and the international dial-in number is +1-706-679-2263, password "Novell".

The call will be archived on the Web site approximately two hours after its conclusion, and will be available for telephone playback through midnight ET, December 12, 2006. The domestic toll-free replay number is 800-642-1687, and the international replay number is +1-706-645-9291. Replay listeners must enter conference ID number 9942446.

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 Identity and Access Management and Linux Platform Products. 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 realize the benefits anticipated from the Microsoft transaction, Novell's success in executing its Linux, Identity and Access Management and Resource Management strategies, Novell's ability to take a competitive position in the Linux, Identity and Access Management and Resource Management industries, business conditions and the general economy, market opportunities, potential new business strategies, competitive factors, sales and marketing execution, shifts in technologies or market demand, Novell's ability to integrate acquired operations and employees, the final conclusions of the Audit Committee (and the time of such conclusions) concerning matters relating to the company's stock-based compensation practices and the other factors described in Novell's Annual Report on Form 10-K filed with the Securities and Exchange Commission on January 10, 2006. 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 except as required by the securities laws.

There can be no assurance that the outcome of the review by the company's Audit Committee of the company's past stock-based compensation practices and the related potential accounting impact will not result in changes in the preliminary financial results for the third and fourth fiscal quarter 2006 and full fiscal year 2006 or a restatement of financial results provided by the company for any historical period. In addition, the review and possible conclusions may require additional expenses to be recorded, may continue to adversely affect our ability to file required reports with the U.S. Securities and Exchange Commission ("SEC") on a timely basis, our conclusions on the effectiveness of our internal control over financial reporting and disclosure controls and procedures and our ability to meet the requirements of the Nasdaq Stock Market for continued listing of our shares; and may result in

claims and proceedings relating to such matters, including shareholder litigation and actions by the SEC and/or other governmental agencies and negative tax or other implications for the company resulting from any accounting adjustments or other factors.

About Novell

Novell, Inc. (Nasdaq: NOVL) delivers infrastructure software for the Open Enterprise. We are a leader in enterprise-wide operating systems based on Linux and open source and the security and systems management services required to operate mixed IT environments. We help our customers minimize cost, complexity and risk, allowing them to focus on innovation and growth. For more information, visit <http://www.novell.com>.

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

	Fiscal Quarter Ended		Fiscal Year Ended	
	Oct 31, 2006	Oct 31, 2005	Oct 31, 2006	Oct 31, 2005
Net revenue:				
Software licenses	\$ 46,078	\$ 78,111	\$ 173,678	\$ 213,803
Maintenance and services	198,827	209,507	793,599	825,420
Total net revenue	244,905	287,618	967,277	1,039,223
Cost of revenue:				
Software licenses	4,206	7,630	17,528	21,600
Maintenance and services	72,759	81,423	303,107	330,466
Total cost of revenue	76,965	89,053	320,635	352,066
Gross profit	167,940	198,565	646,642	687,157
Operating expense (income):				
Sales and marketing	87,795	92,209	352,829	354,335
Product development	45,169	54,678	185,796	205,627
General and administrative	23,995	24,514	104,181	92,632
Restructuring expenses	5,405	38,061	4,405	57,753
Other operating expense (income) (1)	3,120	1,521	24,719	(447,148)
Total operating expense	165,484	210,983	671,930	263,199
Income (loss) from operations	2,456	(12,418)	(25,288)	423,958
Other income, net	32,781	12,177	69,541	33,993
Income (loss) from continuing operations, before income taxes	35,237	(241)	44,253	457,951
Income tax expense	12,028	5,426	23,218	86,660
Income (loss) from continuing operations	23,209	(5,667)	21,035	371,291
Income (loss) from discontinued operations, before income taxes	(843)	549	12,900	8,191
Income tax expense (benefit)	-	(166)	972	2,760
Income (loss) from discontinued operations	(843)	715	11,928	5,431
Income (loss) before cumulative effect of a change in accounting principle	22,366	(4,952)	32,963	376,722
Cumulative effect of a change in accounting principle	-	-	(897)	-
Net income (loss)	\$ 22,366	\$ (4,952)	\$ 32,066	\$ 376,722
Income (loss) available to common stockholders - diluted:				
Continuing operations	\$ 24,554	\$ (5,758)	\$ 20,761	\$ 373,183
Net income (loss)	\$ 23,714	\$ (5,043)	\$ 31,575	\$ 378,159
Income (loss) per share available to common stockholders - diluted:				
Continuing operations	\$ 0.06	\$ (0.02)	\$ 0.06	\$ 0.85
Net income (loss)	\$ 0.06	\$ (0.01)	\$ 0.09	\$ 0.86
Weighted average shares - diluted	395,456 (2)	382,279	365,659	440,585 (2)

(1) See Page 10 of 14 for a detail of other operating expense (income).

(2) Diluted weighted average shares includes 52 million potential shares related to convertible debt.

Amounts reported as 'preliminary' for the third fiscal quarter ended July 31, 2006 have been updated for a known change in estimate, impacting net income. Also, reclassifications, none of which affected net income, were made to the prior period amounts in order to conform to the current period's presentation.

Stock-based compensation expense recorded in above amounts:

	Fiscal Quarter Ended		Fiscal Year Ended	
	Oct 31, 2006	Oct 31, 2005	Oct 31, 2006	Oct 31, 2005
Cost of revenue	\$ 1,057	\$ 2	\$ 4,095	\$ 6
Sales and marketing	2,115	194	11,824	998
Product development	1,956	225	8,342	1,172
General and administrative	1,016	93	10,644	(428)
Discontinued operations	-	-	263	-
Total stock-based compensation expense	\$ 6,144	\$ 514	\$ 35,168	\$ 1,748

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

	<u>Oct 31, 2006</u>	<u>Oct 31, 2005</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 675,787	\$ 811,238
Short-term investments	790,500	843,666
Receivables, net	233,986	293,627
Prepaid expenses	32,328	30,777
Other current assets	28,524	29,745
Total current assets	<u>1,761,125</u>	<u>2,009,053</u>
Property, plant and equipment, net	184,084	212,377
Long-term investments	2,263	54,340
Goodwill	424,701	395,509
Intangible assets, net	40,404	56,421
Deferred income taxes	4,770	1,384
Other assets	32,376	32,774
Total assets	<u>\$ 2,449,723</u>	<u>\$ 2,761,858</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 44,419	\$ 45,445
Accrued compensation	105,410	113,760
Other accrued liabilities	91,837	131,105
Income taxes payable	49,598	56,869
Deferred revenue	426,971	405,751
Total current liabilities	<u>718,235</u>	<u>752,930</u>
Deferred income taxes	4,186	4,537
Senior convertible debentures	600,000	600,000
Total liabilities	1,322,421	1,357,467
Minority interests	-	8,555
Preferred stock	9,350	9,350
Stockholders' equity	<u>1,117,952</u>	<u>1,386,486</u>
Total liabilities and stockholders' equity	<u>\$ 2,449,723</u>	<u>\$ 2,761,858</u>

Amounts reported as 'preliminary' for the third fiscal quarter ended July 31, 2006 have been updated for a known change in estimate. Also, 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 (Preliminary)
(In thousands)

	Fiscal Quarter Ended		Fiscal Year Ended	
	Oct 31, 2006	Oct 31, 2005	Oct 31, 2006	Oct 31, 2005
Cash flows from operating activities:				
Net income (loss)	\$ 22,366	\$ (4,952)	\$ 32,066	\$ 376,722
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Stock-based compensation expense	6,144	514	35,168	1,748
Tax effects of stock-based compensation plans	10,994	(2,367)	15,252	13,799
Excess tax benefits from stock-based compensation	(10,994)	-	(15,252)	-
Depreciation and amortization	13,068	13,439	46,976	54,513
Changes in accounts receivable allowances	(2,228)	1,514	(6,888)	(7,838)
Utilization of previously reserved acquired net operating losses	2,725	-	6,585	29,600
Purchased in-process research and development	-	-	2,110	480
Gain on sale of property, plant and equipment	-	-	(5,968)	(1,589)
Loss on sale of Japan consulting group	-	-	8,273	-
Executive termination benefits	-	-	9,409	-
Impairment of long-term investments, net of gains	(1,371)	192	(745)	1,300
Gain on sale of venture capital funds	(17,953)	-	(17,953)	-
Impairment of intangible assets	1,230	1,521	1,230	1,521
Celerant discontinued operations, before taxes	843	-	(11,117)	-
Cumulative effect of a change in accounting principle	-	-	897	-
Changes in current assets and liabilities, excluding the effect of acquisitions and dispositions	37,448	48,392	(994)	30,158
Net cash provided by operating activities	62,272	58,253	99,049	500,414
Cash flows from financing activities:				
Issuance of common stock, net	18,457	6,073	40,131	22,108
Excess tax benefits from stock-based compensation	10,994	-	15,252	-
Payment of cash dividends on Series B Preferred Stock	(46)	(216)	(187)	(591)
Repurchases of common stock, retired	-	-	(400,000)	-
Net cash provided (used) by financing activities	29,405	5,857	(344,804)	21,517
Cash flows from investing activities:				
Purchases of property, plant and equipment	(7,128)	(10,613)	(26,668)	(30,781)
Proceeds from the sale of property, plant and equipment	-	-	24,992	10,421
Proceeds from repayment of note receivable	-	-	9,092	-
Short-term investment activity	12,184	(228,162)	57,219	(74,370)
Long-term investment activity	2,901	1,633	1,473	281
Cash paid for equity investment in Open Invention Network, LLC	-	-	(4,225)	-
Proceeds from the sale of Celerant, net of cash divested	-	-	37,922	-
Proceeds from the sale of Japan consulting group, net of cash divested	1,450	-	1,450	-
Proceeds from the sale of venture capital funds	71,298	-	71,298	-
Cash paid for acquisition of Tally Systems and Immunix, net of cash acquired	-	-	-	(33,829)
Cash paid for acquisition of e-Security, net of cash acquired	-	-	(71,550)	-
Purchase of intangible assets	-	-	(1,159)	(15,500)
Restricted cash for acquisition of India joint venture	-	(7,500)	-	(7,500)
Other	2,689	5,940	10,460	6,181
Net cash provided (used) by investing activities	83,394	(238,702)	110,304	(145,097)
Increase (decrease) in cash and cash equivalents	175,071	(174,592)	(135,451)	376,834
Cash and cash equivalents - beginning of period	500,716	985,830	811,238	434,404
Cash and cash equivalents - end of period	\$ 675,787	\$ 811,238	\$ 675,787	\$ 811,238

Amounts reported as 'preliminary' for the third fiscal quarter ended July 31, 2006 have been updated for a known change in estimate, impacting net income. Also, 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 (Preliminary)
(In thousands, except per share data)

	<u>Fiscal Quarter Ended</u>		<u>Fiscal Year Ended</u>	
	<u>Oct 31, 2006</u>	<u>Oct 31, 2005</u>	<u>Oct 31, 2006</u>	<u>Oct 31, 2005</u>
GAAP diluted income (loss) available to common stockholders from continuing operations	\$ 24,554	\$ (5,758)	\$ 20,761	\$ 373,183
Pre-tax adjustments:				
Operating expenses:				
Stock-based compensation expense	6,144	514	34,905	1,748
Restructuring expenses	5,405	38,061	4,405	57,753
Sub-total	<u>11,549</u>	<u>38,575</u>	<u>39,310</u>	<u>59,501</u>
Other operating expenses (income):				
Purchased in-process research and development	-	-	2,110	480
Gain on sale of property, plant and equipment	-	-	(5,968)	(1,589)
Litigation-related expense (income)	-	-	7,775	(447,560)
Loss on sale of Japan consulting group	-	-	8,273	-
Executive termination benefits	-	-	9,409	-
Impairment of intangible assets	1,230	1,521	1,230	1,521
Stock-based compensation review expenses	1,890	-	1,890	-
Sub-total	<u>3,120</u>	<u>1,521</u>	<u>24,719</u>	<u>(447,148)</u>
Non-operating expenses (income):				
Gain on sale of venture capital funds	(17,953)	-	(17,953)	-
Impairment of long-term investments, net of gains	(1,371)	486	(745)	1,594
Sub-total	<u>(19,324)</u>	<u>486</u>	<u>(18,698)</u>	<u>1,594</u>
Total pre-tax adjustments	(4,655)	40,582	45,331	(386,053)
Income tax adjustments:				
Tax adjustments, net	74	(2,176)	(2,519)	(4,231)
Cumulative tax effect of the Microsoft settlement	-	(1,700)	-	70,560
Diluted income (loss) adjustments:				
Debt interest expense	-	1,493	5,972	-
Allocation of earnings to preferred stockholders	20	(236)	(177)	3,116
Total net adjustments	(4,561)	37,963	48,607	(316,608)
Non-GAAP diluted income available to common stockholders from continuing operations	\$ 19,993	\$ 32,205	\$ 69,368	\$ 56,575
GAAP diluted income (loss) per common share from continuing operations	\$ 0.06	\$ (0.02)	\$ 0.06	\$ 0.85
Adjustments detailed above	(0.01)	0.09	0.10	(0.72)
Non-GAAP diluted income per common share from continuing operations	\$ 0.05	\$ 0.07	\$ 0.16	\$ 0.13
GAAP diluted weighted average shares from continuing operations	395,456	382,279	365,659	440,585
Change in dilution from assumed:				
Conversion of convertible debt	-	52,074	52,074	-
Stock option exercises	1,655	8,400	4,358	-
Non-GAAP diluted weighted average shares	397,111	442,753	422,091	440,585

Amounts reported as 'preliminary' for the third fiscal quarter ended July 31, 2006 have been updated for a known change in estimate, impacting net income. Also, 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 (Preliminary)
(In thousands, except per share data)

	Q4 2005		Fiscal Year 2005		Q3 2006		Q4 2006		Fiscal Year 2006	
		%		%		%		%		%
Net revenue:										
Software licenses	\$ 78,111	27.2	\$ 213,803	20.6	\$ 45,435	18.8	\$ 46,078	18.8	\$ 173,678	18.0
Maintenance and services	209,507	72.8	825,420	79.4	195,917	81.2	198,827	81.2	793,599	82.0
Total net revenue	287,618	100.0	1,039,223	100.0	241,352	100.0	244,905	100.0	967,277	100.0
Cost of revenue:										
Software licenses	7,630	2.7	21,600	2.1	4,984	2.1	4,206	1.7	17,528	1.8
Maintenance and services	81,423	28.3	330,466	31.8	75,711	31.4	72,759	29.7	303,107	31.3
Total cost of revenue	89,053	31.0	352,066	33.9	80,695	33.4	76,965	31.4	320,635	33.1
Gross profit	198,565	69.0	687,157	66.1	160,657	66.6	167,940	68.6	646,642	66.9
Operating expense (income):										
Sales and marketing	92,209	32.1	354,335	34.1	89,463	37.1	87,795	35.8	352,829	36.5
Product development	54,678	19.0	205,627	19.8	47,238	19.6	45,169	18.4	185,796	19.2
General and administrative	24,514	8.5	92,632	8.9	25,298	10.5	23,995	9.8	104,181	10.8
Restructuring expenses	38,061	13.2	57,753	5.6	-	-	5,405	2.2	4,405	0.5
Other operating expense (income) (1)	1,521	0.5	(447,148)	(43.0)	22,904	9.5	3,120	1.3	24,719	2.6
Total operating expense	210,983	73.4	263,199	25.3	184,903	76.6	165,484	67.6	671,930	69.5
Income (loss) from operations	(12,418)	(4.3)	423,958	40.8	(24,246)	(10.0)	2,456	1.0	(25,288)	(2.6)
Other income										
Investment income	12,992	4.5	42,658	4.1	13,003	5.4	34,684	14.2	77,559	8.0
Other, net	(815)	(0.3)	(8,665)	(0.8)	(2,192)	(0.9)	(1,903)	(0.8)	(8,018)	(0.8)
Other income, net	12,177	4.2	33,993	3.3	10,811	4.5	32,781	13.4	69,541	7.2
Income (loss) from continuing operations, before income taxes	(241)	(0.1)	457,951	44.1	(13,435)	(5.6)	35,237	14.4	44,253	4.6
Income tax expense (benefit)	5,426	1.9	86,660	8.3	(3,789)	(1.6)	12,028	4.9	23,218	2.4
Income (loss) from continuing operations	(5,667)	(2.0)	371,291	35.7	(9,646)	(4.0)	23,209	9.5	21,035	2.2
Income (loss) from discontinued operations, before income taxes	549	0.2	8,191	0.8	12,165	5.0	(843)	(0.3)	12,900	1.3
Income tax expense (benefit)	(166)	(0.1)	2,760	0.3	(2,871)	(1.2)	-	-	972	0.1
Income (loss) from discontinued operations	715	0.2	5,431	0.5	15,036	6.2	(843)	(0.3)	11,928	1.2
Income (loss) before cumulative effect of a change in accounting principle	(4,952)	(1.7)	376,722	36.3	5,390	2.2	22,366	9.1	32,963	3.4
Cumulative effect of a change in accounting principle	-	-	-	-	(897)	(0.4)	-	-	(897)	(0.1)
Net income (loss)	\$ (4,952)	(1.7)	\$ 376,722	36.3	\$ 4,493	1.9	\$ 22,366	9.1	\$ 32,066	3.3
Income (loss) available to common stockholders - diluted:										
Continuing operations	\$ (5,758)	(2.0)	\$ 373,183	35.9	\$ (9,693)	(4.0)	\$ 24,554	10.0	\$ 20,761	2.1
Net income (loss)	\$ (5,043)	(1.8)	\$ 378,159	36.4	\$ 4,427	1.8	\$ 23,714	9.7	\$ 31,575	3.3
Income (loss) per share available to common stockholders - diluted:										
Continuing operations	\$ (0.02)		\$ 0.85		\$ (0.03)		\$ 0.06		\$ 0.06	
Net income (loss)	\$ (0.01)		\$ 0.86		\$ 0.01		\$ 0.06		\$ 0.09	
Weighted average shares - diluted	382,279		440,585		340,127		395,456		365,659	

(1) See Page 10 of 14 for a detail of other operating expense (income).

Amounts reported as 'preliminary' for the third fiscal quarter ended July 31, 2006 have been updated for a known change in estimate, impacting net income. Also, 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 and Segment Revenue
(In thousands)

Revenue by solution	Fiscal Year						Change from							
	Q4 2005	%	2005	%	Q3 2006	%	Q4 2006	%	2006	%	Q4 06 to Q4 05	FY06 to FY05		
IT software and solutions														
Open platform solutions														
Linux platform products	\$ 9,829	3.4	\$ 35,836	3.4	\$ 11,590	4.8	\$ 13,017	5.3	\$ 45,296	4.7	\$ 3,188	32.4	\$ 9,460	26.4
Other open platform products	4,070	1.4	17,761	1.7	3,407	1.4	893	0.4	8,146	0.8	(3,177)	(78.1)	(9,615)	(54.1)
Total open platform solutions	13,899	4.8	53,597	5.2	14,997	6.2	13,910	5.7	53,442	5.5	11	0.1	(155)	(0.3)
Systems, security and identity management														
Identity and access management	22,980	8.0	74,936	7.2	26,053	10.8	23,773	9.7	97,721	10.1	793	3.5	22,785	30.4
Resource management	50,180	17.4	144,358	13.9	33,600	13.9	34,022	13.9	134,579	13.9	(16,158)	(32.2)	(9,779)	(6.8)
Other systems, security and identity management products	5,624	2.0	21,022	2.0	4,110	1.7	4,506	1.8	17,975	1.9	(1,118)	(19.9)	(3,047)	(14.5)
Total systems, security and identity management	78,784	27.4	240,316	23.1	63,763	26.4	62,301	25.4	250,275	25.9	(16,483)	(20.9)	9,959	4.1
Workspace solutions														
Open Enterprise Server	46,540	16.2	85,331	8.2	45,204	18.7	47,660	19.5	181,695	18.8	1,120	2.4	96,364	112.9
NetWare and other NetWare-related	27,807	9.7	193,549	18.6	9,592	4.0	8,365	3.4	47,779	4.9	(19,442)	(69.9)	(145,770)	(75.3)
Collaboration	28,105	9.8	99,422	9.6	25,276	10.5	24,394	10.0	96,176	9.9	(3,711)	(13.2)	(3,246)	(3.3)
Other workspace products	9,294	3.2	30,842	3.0	4,141	1.7	6,832	2.8	23,594	2.4	(2,462)	(26.5)	(7,248)	(23.5)
Total workspace solutions	111,746	38.9	409,144	39.4	84,213	34.9	87,251	35.6	349,244	36.1	(24,495)	(21.9)	(59,900)	(14.6)
Total software-related licenses and maintenance	204,429	71.1	703,057	67.7	162,973	67.5	163,462	66.7	652,961	67.5	(40,967)	(20.0)	(50,096)	(7.1)
Global services	83,189	28.9	336,166	32.3	78,379	32.5	81,443	33.3	314,316	32.5	(1,746)	(2.1)	(21,850)	(6.5)
Total net revenue by solution	\$ 287,618	100.0	\$ 1,039,223	100.0	\$ 241,352	100.0	\$ 244,905	100.0	\$ 967,277	100.0	\$ (42,713)	(14.9)	\$ (71,946)	(6.9)
Revenue by segment														
Americas	\$ 142,175	49.4	\$ 537,198	51.7	\$ 136,660	56.6	\$ 137,032	56.0	\$ 536,813	55.5	\$ (5,143)	(3.6)	\$ (385)	(0.1)
EMEA	120,770	42.0	407,998	39.3	83,819	34.7	86,362	35.3	345,597	35.7	(34,408)	(28.5)	(62,401)	(15.3)
Asia Pacific	24,673	8.6	94,027	9.0	20,873	8.6	21,511	8.8	84,867	8.8	(3,162)	(12.8)	(9,160)	(9.7)
Total net revenue by segment	\$ 287,618	100.0	\$ 1,039,223	100.0	\$ 241,352	100.0	\$ 244,905	100.0	\$ 967,277	100.0	\$ (42,713)	(14.9)	\$ (71,946)	(6.9)

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

Novell, Inc.
Major IT Software and Solutions Included Within Reported Line Items

Open Platform Solutions

Linux Platform Products

- > SUSE LINUX Enterprise Server
- > SUSE LINUX Enterprise Desktop

Other Open Platform Products

- > openSUSE (formerly SUSE LINUX Professional)
- > SUSE Engineering

Systems, Security and Identity Management

Identity and Access Management

- > Identity Manager
- > SecureLogin
- > iChain
- > Sentinel

Resource Management

- > ZENworks Suite
- > ZENworks Patch Management
- > ZENworks Asset Management
- > ZENworks Linux Management

Other Systems, Security and Identity Management Products

- > Web Services
- > eDirectory

Workspace Solutions

Open Enterprise Server

- > Open Enterprise Server

NetWare and Other NetWare-Related

- > NetWare
- > Cluster Services

Collaboration

- > GroupWise

Other Workspace Products

- > BorderManager

Global Services

- > IT Consulting Services
- > Technical Support Services
- > Training Services