

FOR IMMEDIATE RELEASE

December 4, 2008

Novell Reports Financial Results for Fourth Fiscal Quarter and Full Fiscal Year 2008

- *Fiscal 2008 product revenue increased 8% year-over-year*
- *Annual and quarterly operating margins showed notable improvement*

WALTHAM, Mass. – December 4, 2008 - Novell, Inc. (NASDAQ: NOVL) today announced financial results for its fourth fiscal quarter and full fiscal year ended October 31, 2008. For the quarter, Novell reported net revenue of \$245 million, consistent with the fourth fiscal quarter of 2007. Loss from operations for the fourth fiscal quarter of 2008 was \$6 million, compared to a loss from operations of \$13 million for the fourth fiscal quarter of 2007. Net loss in the fourth fiscal quarter of 2008 was \$16 million, or \$(0.05) per share, which included a \$14 million impairment charge related to the Company's auction-rate securities. This compares to a net loss of \$18 million, or \$(0.05) per share, for the fourth fiscal quarter of 2007. In the fourth fiscal quarter of 2008, foreign currency exchange rates did not materially impact net revenue and favorably impacted operating expenses and loss from operations by \$1 million compared to the same period last year.

On a non-GAAP basis, income from operations for the fourth fiscal quarter of 2008 was \$32 million. This compares to non-GAAP income from operations of \$21 million in the year-ago quarter. Non-GAAP net income for the fourth fiscal quarter of 2008 was \$20 million, or \$0.06 per share. This compares to non-GAAP net income of \$23 million, or \$0.07 per share, for the fourth fiscal quarter of 2007.

For the full fiscal year 2008, Novell reported net revenue of \$957 million and income from operations of \$5 million. Comparatively, net revenue for the full fiscal year 2007 was \$932 million and the loss from operations was \$56 million. Net loss for the full fiscal year 2008 was \$9 million, or \$(0.02) per share, which included a \$29 million impairment charge related to the Company's auction-rate securities. This compares to a net loss of \$44 million, or \$(0.13) per share, for the full fiscal year 2007. In the full fiscal year 2008, foreign currency exchange rates favorably impacted net revenue by approximately \$22 million, negatively impacted operating expenses by approximately \$22 million and did not materially impact income from operations compared to the same period last year.

On a non-GAAP basis, income from operations for the full fiscal year 2008 was \$97 million. This compares to non-GAAP income from operations of \$46 million a year ago. Non-GAAP net income for the full fiscal year 2008 was \$93 million, or \$0.27 per share. This compares to non-GAAP net income of \$66 million, or \$0.19 per share, for the full fiscal year 2007.

For the fourth fiscal quarter of 2008, product revenue increased 6% which was offset by a services revenue decline of 26%, resulting in total revenue that is consistent with the same period last year. Novell reported \$36 million of product revenue from Open Platform Solutions, of which \$33 million was from Linux Platform Products, up 33% compared to the same period last year. Product revenue from Identity and Security Management was \$37 million, of which Identity and Access Management was \$35 million, up 11% compared to the same period last year. Product revenue from Systems and Resource Management was \$45 million, up 15% compared to the same period last year. Workgroup product revenue of \$92 million decreased 6% compared to the same period last year.

For the full fiscal year 2008, product revenue increased 8% which was partially offset by a services revenue decline of 20% such that total revenue increased 3% compared to the full fiscal year 2007. Novell reported \$129 million of product revenue from Open Platform Solutions, of which \$120 million was from Linux Platform Products, up 38% compared to last year. Product revenue from Identity and Security Management was \$137 million, of which Identity and Access Management was \$124 million, up 15% compared to last year. Product revenue from Systems and Resource Management was \$170 million, up 15% compared to last year. Workgroup product revenue of \$366 million decreased 2% compared to last year.

“I am pleased with our fourth quarter and annual product revenue and non-GAAP operating margin results. We have substantially completed our two-year transformation, repositioning Novell as a leader in infrastructure software,” said Ron Hovsepian, President and CEO of Novell. “We have a large, recurring revenue stream, a strong balance sheet, expanding partnerships and excellent products in broad and growing markets which we believe positions us well in this challenging environment.”

Cash, cash equivalents and short-term investments were \$1.1 billion at October 31, 2008, down from \$1.9 billion at October 31, 2007, primarily due to the repurchase of a significant portion of the debentures, the acquisition of PlateSpin and the stock repurchase program. Days sales outstanding in accounts receivable was 72 days at the end of the fourth fiscal quarter of 2008, down from 77 days at the end of the year-ago quarter. Total deferred revenue was \$730 million at the end of the fourth fiscal quarter of 2008, down from \$768 million at the end of the year-ago quarter. Cash flow from operations was \$67 million for the fourth fiscal quarter of 2008. This compares to cash flow from operations of \$77 million in the fourth fiscal quarter of 2007.

With regard to the Company's previously announced share repurchase program, Novell repurchased four million shares of common stock at a cost of \$22 million during the quarter. During the full fiscal year 2008, the Company repurchased 12 million shares at a cost of \$67 million. The Company currently has \$33 million remaining under the existing share repurchase program, and, going forward intends to use the program to maintain a steady level of shares outstanding.

During the quarter, Novell used \$314 million of cash to repurchase a portion of its outstanding 0.5% senior convertible debentures. During the full fiscal year 2008, \$457 million of cash was used for these repurchases.

Full details on Novell's reported results, including a reconciliation of the non-GAAP results, are included in the financial schedules that are a part of this release.

Financial Outlook

Novell management remains committed to long-term sustainable profitability. For the full fiscal year 2008, Novell achieved non-GAAP operating margin of 10%. Going forward, Novell management expects to improve on these results, but in light of these uncertain economic times, is targeting no less than 10% non-GAAP operating margin in the full fiscal year 2009.

Conference Call Notification and Web Access Detail

A live Webcast of a Novell conference call to discuss the quarter and the year will be broadcast at 5:00 PM ET December 4, 2008, 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 Novell Web site approximately two hours after its conclusion for 12 months. The call will also be available for telephone playback through midnight ET, December 19, 2008. 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 71160968.

A copy of this press release is posted on Novell's Web site at:

<http://www.novell.com/company/ir/qresults/>.

Non-GAAP Financial Measures

We supplement our consolidated unaudited condensed financial statements presented in accordance with GAAP with certain non-GAAP financial measures. These non-GAAP measures include adjusted income from operations, adjusted operating margin, adjusted income from continuing operations, adjusted net income, adjusted income per share from continuing operations and adjusted net income per share. We provide non-GAAP financial measures to enhance an overall understanding of our current financial performance and prospects for the future and to enable investors to evaluate our performance in the same way that management does. Management uses these same non-GAAP financial measures to evaluate performance, allocate resources, and determine bonuses. The non-GAAP financial measures do not replace the presentation of our GAAP financial results, but they eliminate expenses and gains that are excluded from most analysts' consensus estimates, that are unusual, and/or that arise outside of the ordinary course of business, such as, but not limited to, those related to stock-based compensation, acquisition-related intangible asset amortization, restructuring, asset impairments, litigation judgments and settlements, purchased in-process research and development, and the sale of business operations, long-term investments, and property, plant and equipment.

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” within the meaning of the Private Securities Litigation Reform Act, including those related to future financial and operating results, future opportunities, the benefits and synergies of the company's brands, strategies and acquisitions, and the growth of the Linux Platform Products, Identity and Access Management, and Systems and Resource Management markets. 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 transform its business through the implementation of its strategic plan, Novell's ability to realize the benefits anticipated from the Microsoft transactions, including the pricing of any renewals of Microsoft certificates previously sold, and other transactions, Novell's ability to realize the benefits anticipated from its restructuring plan, and the expected charges to be incurred and payments to be made under the restructuring plan, Novell's ability to achieve its expense targets, Novell's success in executing its Linux Platform Products, Identity and Access Management, and Systems and Resource Management strategies, Novell's ability to take a competitive position in the Linux Platform Products, Identity and Access Management, and Systems 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, and the other factors described in Novell's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 21,

2007. 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.

About Novell

Novell, Inc. (NASDAQ: NOVL) delivers the best engineered, most interoperable Linux* platform and a portfolio of integrated IT management software that helps customers around the world reduce cost, complexity and risk. With our infrastructure software and ecosystem of partnerships, Novell harmoniously integrates mixed IT environments, allowing people and technology to work as one. For more information, visit www.novell.com.

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

| | Fiscal Quarter Ended | | Fiscal Year Ended | |
|--|-----------------------------|---------------------|--------------------------|---------------------|
| | Oct 31, 2008 | Oct 31, 2007 | Oct 31, 2008 | Oct 31, 2007 |
| Net revenue: | | | | |
| Software licenses | \$ 51,362 | \$ 51,037 | \$ 189,655 | \$ 176,107 |
| Maintenance and subscriptions | 158,776 | 147,108 | 613,063 | 564,354 |
| Services (1) | 34,598 | 46,791 | 153,795 | 192,038 |
| Total net revenue | 244,736 | 244,936 | 956,513 | 932,499 |
| Cost of revenue: | | | | |
| Software licenses | 4,948 | 5,225 | 17,951 | 18,505 |
| Maintenance and subscriptions | 13,445 | 13,406 | 51,679 | 49,515 |
| Services | 39,454 | 46,083 | 167,994 | 192,234 |
| Total cost of revenue | 57,847 | 64,714 | 237,624 | 260,254 |
| Gross profit | 186,889 | 180,222 | 718,889 | 672,245 |
| Operating expenses: | | | | |
| Sales and marketing | 88,938 | 84,327 | 361,832 | 346,777 |
| Product development | 52,303 | 55,134 | 198,149 | 208,370 |
| General and administrative | 26,482 | 29,527 | 108,623 | 111,006 |
| Other operating expenses (2) | 25,509 | 24,525 | 45,509 | 61,860 |
| Total operating expenses | 193,232 | 193,513 | 714,113 | 728,013 |
| Income (loss) from operations | (6,343) | (13,291) | 4,776 | (55,768) |
| <i>Operating margin %</i> | -2.6% | -5.4% | 0.5% | -6.0% |
| Other income (loss), net: | | | | |
| Interest income, net | 7,416 | 16,724 | 41,223 | 62,134 |
| Other | (15,546) | 213 | (23,121) | 2,049 |
| Total other income (loss), net | (8,130) | 16,937 | 18,102 | 64,183 |
| Income (loss) from continuing operations, before income taxes | (14,473) | 3,646 | 22,878 | 8,415 |
| Income tax expense | 3,291 | 12,809 | 35,217 | 34,691 |
| Loss from continuing operations | (17,764) | (9,163) | (12,339) | (26,276) |
| Income (loss) from discontinued operations, before income taxes | 1,473 | (8,785) | 2,758 | (18,253) |
| Income tax benefit on discontinued operations | - | - | (836) | (69) |
| Income (loss) from discontinued operations | 1,473 | (8,785) | 3,594 | (18,184) |
| Net loss | \$ (16,291) | \$ (17,948) | \$ (8,745) | \$ (44,460) |
| Loss per share: | | | | |
| Continuing operations | \$ (0.05) | \$ (0.03) | \$ (0.04) | \$ (0.08) |
| Net loss | \$ (0.05) | \$ (0.05) | \$ (0.02) | \$ (0.13) |
| Weighted average shares | 345,038 | 350,017 | 350,207 | 347,552 |

(1) Services includes professional services, technical support and training services.

(2) See Page 9 of 12 for a detail of other operating expenses.

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

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

| | Oct 31, 2008 | Oct 31, 2007 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 680,034 | \$ 1,079,819 |
| Short-term investments | 387,813 | 777,818 |
| Restricted cash | 52,701 | - |
| Receivables, net | 193,088 | 208,318 |
| Prepaid expenses | 34,365 | 53,316 |
| Deferred income taxes | 5,685 | - |
| Other current assets | 32,006 | 35,065 |
| Total current assets | 1,385,692 | 2,154,336 |
| Property, plant and equipment, net | 174,978 | 180,537 |
| Long-term investments | 14,972 | 37,304 |
| Goodwill | 582,117 | 404,612 |
| Intangible assets, net | 53,320 | 33,572 |
| Deferred income taxes | 36,244 | 14,518 |
| Other assets | 22,026 | 29,515 |
| Total assets | \$ 2,269,349 | \$ 2,854,394 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 36,982 | \$ 45,135 |
| Accrued compensation | 102,317 | 112,794 |
| Other accrued liabilities | 108,929 | 122,850 |
| Income taxes payable | 22,563 | 46,724 |
| Senior convertible debentures | 125,668 | - |
| Deferred revenue | 503,174 | 494,615 |
| Total current liabilities | 899,633 | 822,118 |
| Deferred income taxes | 11,725 | 884 |
| Other long-term liabilities | 43,587 | - |
| Long-term deferred revenue | 226,876 | 273,066 |
| Senior convertible debentures | - | 600,000 |
| Total liabilities | 1,181,821 | 1,696,068 |
| Stockholders' equity | 1,087,528 | 1,158,326 |
| Total liabilities and stockholders' equity | \$ 2,269,349 | \$ 2,854,394 |

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

| | <u>Fiscal Quarter Ended</u> | | <u>Fiscal Year Ended</u> | |
|--|-----------------------------|---------------------|--------------------------|---------------------|
| | <u>Oct 31, 2008</u> | <u>Oct 31, 2007</u> | <u>Oct 31, 2008</u> | <u>Oct 31, 2007</u> |
| Cash flows from operating activities | | | | |
| Net loss | \$ (16,291) | \$ (17,948) | \$ (8,745) | \$ (44,460) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | | |
| Stock-based compensation expense | 8,448 | 8,352 | 33,818 | 31,841 |
| Stock-based compensation modification expense | - | - | - | 2,475 |
| Depreciation and amortization | 12,065 | 9,275 | 42,892 | 40,438 |
| Change in accounts receivable allowances | (682) | (844) | (261) | (1,722) |
| Utilization of previously reserved acquired net operating losses | - | 9 | 5,026 | 4,844 |
| SUSE purchase price tax adjustment | - | 24,677 | - | 24,677 |
| Purchased in-process research and development | - | - | 2,700 | - |
| Gain on debenture repurchases | (4,062) | - | (4,606) | - |
| (Gain) loss on discontinued operations, before taxes | (1,473) | 8,855 | (2,653) | 19,075 |
| Impairment of investments | 15,286 | - | 30,024 | - |
| Gain on sale of previously impaired long-term investments | (1,719) | (1,179) | (1,969) | (2,917) |
| Gain on sale of venture capital funds | - | - | - | (3,591) |
| Impairment of intangible assets | 7,664 | - | 7,664 | 3,851 |
| (Gain) loss on sale of subsidiaries | (117) | (1,200) | 3,694 | (1,200) |
| Changes in current assets and liabilities, excluding acquisitions and dispositions | 47,546 | 46,897 | (54,777) | 349,237 |
| Net cash provided by operating activities | 66,665 | 76,894 | 52,807 | 422,548 |
| Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | (9,193) | (7,756) | (37,716) | (25,235) |
| Short-term investment activity | (3,337) | 52,096 | 355,923 | (20,237) |
| Long-term investment activity | 3,019 | 1,179 | 24,757 | 2,917 |
| Cash restricted due to litigation | (291) | - | (52,701) | - |
| Net proceeds from sale of subsidiaries and discontinued operations | 7,729 | 1,200 | 393 | 1,983 |
| Proceeds from sale of venture capital funds | - | - | - | 4,964 |
| Net cash paid for acquisitions | - | (19,977) | (219,553) | (29,704) |
| Purchases of intangible assets | (6,000) | - | (12,000) | (1,175) |
| Other | (23,134) | 8,045 | (19,769) | 16,485 |
| Net cash (used in) provided by investing activities | (31,207) | 34,787 | 39,334 | (50,002) |
| Cash flows from financing activities | | | | |
| Issuance of common stock, net | 453 | 4,017 | 8,099 | 18,387 |
| Excess tax effects from stock-based compensation | 1,691 | 6,742 | 18,500 | 13,099 |
| Common stock repurchases/retirements | (22,157) | - | (66,820) | - |
| Issuance of debt | 4,795 | - | 4,795 | - |
| Debenture repurchases | (314,043) | - | (456,500) | - |
| Net cash (used in) provided by financing activities | (329,261) | 10,759 | (491,926) | 31,486 |
| (Decrease) increase in cash and cash equivalents | (293,803) | 122,440 | (399,785) | 404,032 |
| Cash and cash equivalents - beginning of period | 973,837 | 957,379 | 1,079,819 | 675,787 |
| Cash and cash equivalents - end of period | \$ 680,034 | \$ 1,079,819 | \$ 680,034 | \$ 1,079,819 |

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

Novell, Inc.
Unaudited Non-GAAP Adjusted Income From Operations
(In thousands, except per share data)

| | Fiscal Quarter Ended | | Fiscal Year Ended | |
|---|-----------------------------|---------------------|--------------------------|---------------------|
| | Oct 31, 2008 | Oct 31, 2007 | Oct 31, 2008 | Oct 31, 2007 |
| GAAP income (loss) from operations | \$ (6,343) | \$ (13,291) | \$ 4,776 | \$ (55,768) |
| Adjustments: | | | | |
| <i>Stock-based compensation expense:</i> | | | | |
| Cost of revenue | 934 | 1,184 | 3,658 | 4,425 |
| Sales and marketing | 2,735 | 2,631 | 10,134 | 9,723 |
| Product development | 2,462 | 2,595 | 10,363 | 9,964 |
| General and administrative | 2,317 | 1,942 | 9,663 | 7,729 |
| Sub-total | <u>8,448</u> | <u>8,352</u> | <u>33,818</u> | <u>31,841</u> |
| <i>Acquisition-related intangible asset amortization:</i> | | | | |
| Cost of revenue | 3,184 | 1,191 | 9,218 | 5,107 |
| Sales and marketing | 1,341 | 350 | 3,771 | 2,740 |
| Product development | - | - | - | 227 |
| Sub-total | <u>4,525</u> | <u>1,541</u> | <u>12,989</u> | <u>8,074</u> |
| <i>Other operating expenses (income):</i> | | | | |
| Restructuring expenses | 17,316 | 25,206 | 28,645 | 43,097 |
| Purchased in-process research and development | - | - | 2,700 | - |
| Litigation-related expense (income) | 500 | - | 1,250 | (93) |
| Acquisition integration costs | 146 | - | 1,556 | - |
| (Gain) loss on sale of subsidiaries | (117) | (1,200) | 3,694 | (1,200) |
| Impairment of intangible assets | 7,664 | - | 7,664 | 3,851 |
| Stock-based compensation review expenses | - | 519 | - | 16,205 |
| Sub-total | <u>25,509</u> | <u>24,525</u> | <u>45,509</u> | <u>61,860</u> |
| Total operating adjustments | 38,482 | 34,418 | 92,316 | 101,775 |
| Non-GAAP income from operations | \$ 32,139 | \$ 21,127 | \$ 97,092 | \$ 46,007 |
| <i>Operating margin %</i> | 13.1% | 8.6% | 10.2% | 4.9% |

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

| | Fiscal Quarter Ended | | Fiscal Year Ended | |
|---|-----------------------------|---------------------|--------------------------|---------------------|
| | Oct 31, 2008 | Oct 31, 2007 | Oct 31, 2008 | Oct 31, 2007 |
| GAAP net loss | \$ (16,291) | \$ (17,948) | \$ (8,745) | \$ (44,460) |
| Operating adjustments (detailed above) | 38,482 | 34,418 | 92,316 | 101,775 |
| Non-operating expenses (income) adjustments: | | | | |
| Gain on sale of venture capital funds | - | - | - | (3,591) |
| Gain on debenture repurchases | (4,062) | - | (4,606) | - |
| Impairment of investments | 15,286 | - | 30,024 | - |
| Gain on sale of previously impaired long-term investments | (1,719) | (1,179) | (1,969) | (2,917) |
| Sub-total | <u>9,505</u> | <u>(1,179)</u> | <u>23,449</u> | <u>(6,508)</u> |
| Total pre-tax adjustments | 47,987 | 33,239 | 115,765 | 95,267 |
| Income tax adjustments | (9,881) | (688) | (10,215) | (3,150) |
| Income (loss) from discontinued operations, net of taxes | (1,473) | 8,785 | (3,594) | 18,184 |
| Total net adjustments | 36,633 | 41,336 | 101,956 | 110,301 |
| Non-GAAP net income and non-GAAP income from continuing operations | \$ 20,342 | \$ 23,388 | \$ 93,211 | \$ 65,841 |
| GAAP net loss per share | \$ (0.05) | \$ (0.05) | \$ (0.02) | \$ (0.13) |
| Total adjustments detailed above | 0.11 | 0.12 | 0.29 | 0.32 |
| Non-GAAP net income per share and non-GAAP income from continuing operations per share | \$ 0.06 | \$ 0.07 | \$ 0.27 | \$ 0.19 |
| GAAP weighted average shares | 345,038 | 350,017 | 350,207 | 347,552 |
| Change from basic to diluted weighted average shares | 1,111 | 2,426 | 1,461 | 2,279 |
| Non-GAAP weighted average shares | <u>346,149</u> | <u>352,443</u> | <u>351,668</u> | <u>349,831</u> |

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

Consolidated Unaudited Condensed Segment Results
(in thousands, except per share data)

Fiscal Quarter Ended October 31, 2008

| | Open Platform | | Identity and Security | | Systems and Resource | | | Common | | Total | % |
|--------------------------------------|------------------|--------------|-----------------------|--------------|----------------------|--------------|------------------|--------------|---------------------|-------------------|--------------|
| | Solutions | % | Management | % | Management | % | Workgroup | % | Unallocated | | |
| Net revenue: | | | | | | | | | | | |
| Software licenses | \$ - | - | \$ 16,042 | 31.9 | \$ 13,650 | 27.3 | \$ 21,670 | 21.1 | \$ - | \$ 51,362 | 21.0 |
| Maintenance and subscriptions | 35,753 | 85.8 | 21,282 | 42.3 | 31,467 | 62.9 | 70,274 | 68.4 | - | 158,776 | 64.9 |
| Services | 5,905 | 14.2 | 12,977 | 25.8 | 4,914 | 9.8 | 10,802 | 10.5 | - | 34,598 | 14.1 |
| Total net revenue | 41,658 | 100.0 | 50,301 | 100.0 | 50,031 | 100.0 | 102,746 | 100.0 | - | 244,736 | 100.0 |
| Cost of revenue: | | | | | | | | | | | |
| Software licenses | - | - | 2,091 | 4.2 | 1,248 | 2.5 | 847 | 0.8 | 762 | 4,948 | 2.0 |
| Maintenance and subscriptions | 2,691 | 6.5 | 2,775 | 5.5 | 2,877 | 5.8 | 2,747 | 2.7 | 2,355 | 13,445 | 5.5 |
| Services | 7,129 | 17.1 | 14,529 | 28.9 | 4,496 | 9.0 | 12,299 | 12.0 | 1,001 | 39,454 | 16.1 |
| Total cost of revenue | 9,820 | 23.6 | 19,395 | 38.6 | 8,621 | 17.2 | 15,893 | 15.5 | 4,118 | 57,847 | 23.6 |
| Gross profit | 31,838 | 76.4 | 30,906 | 61.4 | 41,410 | 82.8 | 86,853 | 84.5 | (4,118) | 186,889 | 76.4 |
| Operating expenses: | | | | | | | | | | | |
| Sales and marketing | - | - | - | - | - | - | - | - | 88,938 | 88,938 | 36.3 |
| Product development | 14,911 | 35.8 | 10,704 | 21.3 | 13,100 | 26.2 | 11,125 | 10.8 | 2,463 | 52,303 | 21.4 |
| General and administrative | - | - | - | - | - | - | - | - | 26,482 | 26,482 | 10.8 |
| Other operating expenses | - | - | - | - | - | - | - | - | 25,509 | 25,509 | 10.4 |
| Total operating expenses | 14,911 | 35.8 | 10,704 | 21.3 | 13,100 | 26.2 | 11,125 | 10.8 | 143,392 | 193,232 | 79.0 |
| Income (loss) from operations | \$ 16,927 | 40.6 | \$ 20,202 | 40.2 | \$ 28,310 | 56.6 | \$ 75,728 | 73.7 | \$ (147,510) | \$ (6,343) | (2.6) |

Fiscal Quarter Ended July 31, 2008

| | Open Platform | | Identity and Security | | Systems and Resource | | | Common | | Total | % |
|--------------------------------------|------------------|--------------|-----------------------|--------------|----------------------|--------------|------------------|--------------|---------------------|----------------|--------------|
| | Solutions | % | Management | % | Management | % | Workgroup | % | Unallocated | | |
| Net revenue: | | | | | | | | | | | |
| Software licenses | \$ - | - | \$ 16,567 | 32.9 | \$ 15,836 | 29.8 | \$ 21,005 | 20.4 | \$ - | \$ 53,408 | 21.8 |
| Maintenance and subscriptions | 32,517 | 83.6 | 20,306 | 40.3 | 31,544 | 59.4 | 70,615 | 68.7 | - | 154,982 | 63.2 |
| Services | 6,367 | 16.4 | 13,487 | 26.8 | 5,702 | 10.7 | 11,239 | 10.9 | - | 36,795 | 15.0 |
| Total net revenue | 38,884 | 100.0 | 50,360 | 100.0 | 53,082 | 100.0 | 102,859 | 100.0 | - | 245,185 | 100.0 |
| Cost of revenue: | | | | | | | | | | | |
| Software licenses | - | - | 2,101 | 4.2 | 1,456 | 2.7 | 1,191 | 1.2 | 796 | 5,544 | 2.3 |
| Maintenance and subscriptions | 2,159 | 5.6 | 2,575 | 5.1 | 2,901 | 5.5 | 4,005 | 3.9 | 2,308 | 13,948 | 5.7 |
| Services | 8,124 | 20.9 | 14,531 | 28.9 | 4,848 | 9.1 | 12,214 | 11.9 | 961 | 40,678 | 16.6 |
| Total cost of revenue | 10,283 | 26.4 | 19,207 | 38.1 | 9,205 | 17.3 | 17,410 | 16.9 | 4,065 | 60,170 | 24.5 |
| Gross profit | 28,601 | 73.6 | 31,153 | 61.9 | 43,877 | 82.7 | 85,449 | 83.1 | (4,065) | 185,015 | 75.5 |
| Operating expenses: | | | | | | | | | | | |
| Sales and marketing | - | - | - | - | - | - | - | - | 94,213 | 94,213 | 38.4 |
| Product development | 15,559 | 40.0 | 11,664 | 23.2 | 12,146 | 22.9 | 9,847 | 9.6 | 2,543 | 51,759 | 21.1 |
| General and administrative | - | - | - | - | - | - | - | - | 26,941 | 26,941 | 11.0 |
| Other operating expenses | - | - | - | - | - | - | - | - | 11,131 | 11,131 | 4.5 |
| Total operating expenses | 15,559 | 40.0 | 11,664 | 23.2 | 12,146 | 22.9 | 9,847 | 9.6 | 134,828 | 184,044 | 75.1 |
| Income (loss) from operations | \$ 13,042 | 33.5 | \$ 19,489 | 38.7 | \$ 31,731 | 59.8 | \$ 75,602 | 73.5 | \$ (138,893) | \$ 971 | 0.4 |

Fiscal Quarter Ended October 31, 2007

| | Open Platform | | Identity and Security | | Systems and Resource | | | Common | | Total | % |
|--------------------------------------|-----------------|--------------|-----------------------|--------------|----------------------|--------------|------------------|--------------|---------------------|--------------------|--------------|
| | Solutions | % | Management | % | Management | % | Workgroup | % | Unallocated | | |
| Net revenue: | | | | | | | | | | | |
| Software licenses | \$ - | - | \$ 14,896 | 27.2 | \$ 10,398 | 22.8 | \$ 25,743 | 23.0 | \$ - | \$ 51,037 | 20.8 |
| Maintenance and subscriptions | 26,272 | 80.2 | 20,191 | 36.9 | 28,744 | 63.0 | 71,901 | 64.3 | - | 147,108 | 60.1 |
| Services | 6,490 | 19.8 | 19,635 | 35.9 | 6,508 | 14.3 | 14,158 | 12.7 | - | 46,791 | 19.1 |
| Total net revenue | 32,762 | 100.0 | 54,722 | 100.0 | 45,650 | 100.0 | 111,802 | 100.0 | - | 244,936 | 100.0 |
| Cost of revenue: | | | | | | | | | | | |
| Software licenses | - | - | 2,411 | 4.4 | 1,022 | 2.2 | 1,496 | 1.3 | 296 | 5,225 | 2.1 |
| Maintenance and subscriptions | 2,280 | 7.0 | 3,268 | 6.0 | 2,825 | 6.2 | 4,179 | 3.7 | 854 | 13,406 | 5.5 |
| Services | 7,538 | 23.0 | 19,021 | 34.8 | 4,316 | 9.5 | 13,983 | 12.5 | 1,225 | 46,083 | 18.8 |
| Total cost of revenue | 9,818 | 30.0 | 24,700 | 45.1 | 8,163 | 17.9 | 19,658 | 17.6 | 2,375 | 64,714 | 26.4 |
| Gross profit | 22,944 | 70.0 | 30,022 | 54.9 | 37,487 | 82.1 | 92,144 | 82.4 | (2,375) | 180,222 | 73.6 |
| Operating expenses: | | | | | | | | | | | |
| Sales and marketing | - | - | - | - | - | - | - | - | 84,327 | 84,327 | 34.4 |
| Product development | 13,927 | 42.5 | 15,134 | 27.7 | 10,576 | 23.2 | 12,902 | 11.5 | 2,595 | 55,134 | 22.5 |
| General and administrative | - | - | - | - | - | - | - | - | 29,527 | 29,527 | 12.1 |
| Other operating expenses | - | - | - | - | - | - | - | - | 24,525 | 24,525 | 10.0 |
| Total operating expenses | 13,927 | 42.5 | 15,134 | 27.7 | 10,576 | 23.2 | 12,902 | 11.5 | 140,974 | 193,513 | 79.0 |
| Income (loss) from operations | \$ 9,017 | 27.5 | \$ 14,888 | 27.2 | \$ 26,911 | 59.0 | \$ 79,242 | 70.9 | \$ (143,349) | \$ (13,291) | (5.4) |

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

Unaudited Trended Segment Revenue by Software Licenses and Maintenance and Services
(In thousands)

| | Fiscal Year | | | | | | Change from | | | | | |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|--------------------|---------------|
| | Q4 2007 | % | 2007 | % | Q3 2008 | % | Q4 2008 | % | Fiscal Year 2008 | % | Q4 2008 to Q4 2007 | FY08 to FY07 |
| Open platform solutions | | | | | | | | | | | | |
| Linux platform products | | | | | | | | | | | | |
| Software licenses | \$ - | - | \$ - | - | \$ - | - | \$ - | - | \$ - | - | \$ - | - |
| Maintenance and subscriptions | 25,122 | 10.3 | 87,391 | 9.4 | 30,513 | 12.4 | 33,443 | 13.7 | 120,472 | 12.6 | 8,321 | 33.1 |
| | <u>25,122</u> | <u>10.3</u> | <u>87,391</u> | <u>9.4</u> | <u>30,513</u> | <u>12.4</u> | <u>33,443</u> | <u>13.7</u> | <u>120,472</u> | <u>12.6</u> | <u>8,321</u> | <u>33.1</u> |
| Other open platform products | | | | | | | | | | | | |
| Software licenses | - | - | 197 | 0.0 | - | - | - | - | 164 | 0.0 | - | - |
| Maintenance and subscriptions | 1,150 | 0.5 | 6,453 | 0.7 | 2,004 | 0.8 | 2,310 | 0.9 | 8,174 | 0.9 | 1,160 | 100.9 |
| | <u>1,150</u> | <u>0.5</u> | <u>6,650</u> | <u>0.7</u> | <u>2,004</u> | <u>0.8</u> | <u>2,310</u> | <u>0.9</u> | <u>8,338</u> | <u>0.9</u> | <u>1,160</u> | <u>100.9</u> |
| Total open platform solutions | 26,272 | 10.7 | 94,041 | 10.1 | 32,517 | 13.3 | 35,753 | 14.6 | 128,810 | 13.5 | 9,481 | 36.1 |
| | | | | | | | | | | | | |
| Identity and security management | | | | | | | | | | | | |
| Identity and access management | | | | | | | | | | | | |
| Software licenses | 14,289 | 5.8 | 46,349 | 5.0 | 15,747 | 6.4 | 15,439 | 6.3 | 53,946 | 5.6 | 1,150 | 8.0 |
| Maintenance and subscriptions | 17,034 | 7.0 | 61,520 | 6.6 | 17,816 | 7.3 | 19,374 | 7.9 | 70,334 | 7.4 | 2,340 | 13.7 |
| | <u>31,323</u> | <u>12.8</u> | <u>107,869</u> | <u>11.6</u> | <u>33,563</u> | <u>13.7</u> | <u>34,813</u> | <u>14.2</u> | <u>124,280</u> | <u>13.0</u> | <u>3,490</u> | <u>11.1</u> |
| Other identity and security management | | | | | | | | | | | | |
| Software licenses | 607 | 0.2 | 4,157 | 0.4 | 820 | 0.3 | 603 | 0.2 | 2,667 | 0.3 | (4) | (0.7) |
| Maintenance and subscriptions | 3,157 | 1.3 | 13,657 | 1.5 | 2,490 | 1.0 | 1,908 | 0.8 | 10,276 | 1.1 | (1,249) | (39.6) |
| | <u>3,764</u> | <u>1.5</u> | <u>17,814</u> | <u>1.9</u> | <u>3,310</u> | <u>1.4</u> | <u>2,511</u> | <u>1.0</u> | <u>12,943</u> | <u>1.4</u> | <u>(1,253)</u> | <u>(33.3)</u> |
| Total identity and security management | 35,087 | 14.3 | 125,683 | 13.5 | 36,873 | 15.0 | 37,324 | 15.3 | 137,223 | 14.3 | 2,237 | 6.4 |
| | | | | | | | | | | | | |
| Systems and resource management | | | | | | | | | | | | |
| Software licenses | 10,398 | 4.2 | 35,234 | 3.8 | 15,836 | 6.5 | 13,650 | 5.6 | 48,837 | 5.1 | 3,252 | 31.3 |
| Maintenance and subscriptions | 28,744 | 11.7 | 112,510 | 12.1 | 31,544 | 12.9 | 31,467 | 12.9 | 121,650 | 12.7 | 2,723 | 9.5 |
| Total systems and resource management | 39,142 | 16.0 | 147,744 | 15.8 | 47,380 | 19.3 | 45,117 | 18.4 | 170,487 | 17.8 | 5,975 | 15.3 |
| | | | | | | | | | | | | |
| Workgroup | | | | | | | | | | | | |
| OES and NetWare-related | | | | | | | | | | | | |
| Software licenses | 15,153 | 6.2 | 56,792 | 6.1 | 12,096 | 4.9 | 13,221 | 5.4 | 50,412 | 5.3 | (1,932) | (12.7) |
| Maintenance and subscriptions | 41,922 | 17.1 | 168,245 | 18.0 | 41,890 | 17.1 | 41,427 | 16.9 | 166,506 | 17.4 | (495) | (1.2) |
| | <u>57,075</u> | <u>23.3</u> | <u>225,037</u> | <u>24.1</u> | <u>53,986</u> | <u>22.0</u> | <u>54,648</u> | <u>22.3</u> | <u>216,918</u> | <u>22.7</u> | <u>(2,427)</u> | <u>(4.3)</u> |
| Collaboration | | | | | | | | | | | | |
| Software licenses | 7,986 | 3.3 | 27,116 | 2.9 | 7,142 | 2.9 | 7,424 | 3.0 | 28,270 | 3.0 | (562) | (7.0) |
| Maintenance and subscriptions | 20,434 | 8.3 | 79,628 | 8.5 | 21,648 | 8.8 | 21,927 | 9.0 | 85,444 | 8.9 | 1,493 | 7.3 |
| | <u>28,420</u> | <u>11.6</u> | <u>106,744</u> | <u>11.4</u> | <u>28,790</u> | <u>11.7</u> | <u>29,351</u> | <u>12.0</u> | <u>113,714</u> | <u>11.9</u> | <u>931</u> | <u>3.3</u> |
| Other workgroup | | | | | | | | | | | | |
| Software licenses | 2,604 | 1.1 | 6,262 | 0.7 | 1,767 | 0.7 | 1,025 | 0.4 | 5,359 | 0.6 | (1,579) | (60.6) |
| Maintenance and subscriptions | 9,545 | 3.9 | 34,950 | 3.7 | 7,077 | 2.9 | 6,920 | 2.8 | 30,207 | 3.2 | (2,625) | (27.5) |
| | <u>12,149</u> | <u>5.0</u> | <u>41,212</u> | <u>4.4</u> | <u>8,844</u> | <u>3.6</u> | <u>7,945</u> | <u>3.2</u> | <u>35,566</u> | <u>3.7</u> | <u>(4,204)</u> | <u>(34.6)</u> |
| Total workgroup | 97,644 | 39.9 | 372,993 | 40.0 | 91,620 | 37.4 | 91,944 | 37.6 | 366,198 | 38.3 | (5,700) | (5.8) |
| | | | | | | | | | | | | |
| Total software licenses, maintenance and subscriptions | | | | | | | | | | | | |
| Software licenses | 51,037 | 20.8 | 176,107 | 18.9 | 53,408 | 21.8 | 51,362 | 21.0 | 189,655 | 19.8 | 325 | 0.6 |
| Maintenance and subscriptions | 147,108 | 60.1 | 564,354 | 60.5 | 154,982 | 63.2 | 158,776 | 64.9 | 613,063 | 64.1 | 11,668 | 7.9 |
| Total product revenue | 198,145 | 80.9 | 740,461 | 79.4 | 208,390 | 85.0 | 210,138 | 85.9 | 802,718 | 83.9 | 11,993 | 6.1 |
| Services | 46,791 | 19.1 | 192,038 | 20.6 | 36,795 | 15.0 | 34,598 | 14.1 | 153,795 | 16.1 | (12,193) | (26.1) |
| Total net revenue | \$ 244,936 | 100.0 | \$ 932,499 | 100.0 | \$ 245,185 | 100.0 | \$ 244,736 | 100.0 | \$ 956,513 | 100.0 | \$ (200) | (0.1) |

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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
- > SUSE Engineering

Identity and Security Management

Identity and Access Management

- > Identity Manager
- > SecureLogin
- > Access Manager
- > Sentinel

Other Identity and Security Management

- > Web Services
- > eDirectory

Systems and Resource Management

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

Workgroup

Open Enterprise Server and NetWare-Related

- > Open Enterprise Server (OES)
- > NetWare
- > Cluster Services

Collaboration

- > GroupWise
- > Teaming + Conferencing

Other Workgroup

- > BorderManager

Services

- > Professional Services
- > Technical Support Services
- > Training Services